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NEWS SUMMARY

GENERAL

Nkomo monster says Smith

Ian Smith, Rhodesian Prime Minister, described Joshua Nkomo as a "monster" and said he would have "no further truck with the gentleman. He has put himself out of court."

Mr. Smith said the nationalist leader's actions had "disclosed him as a monster of no mean proportions. I am referring not so much to his physical condition as to his spiritual and mental condition."

Although Mr. Smith accused the UK and U.S. of siding with the Nkomo-Mugabe Patriotic Front, he said he would now concentrate on bringing the two Western powers "to their senses" and winning their support for the transitional government.

In addition, Mr. Smith said he might consider a return to legality, in effect meaning the renouncing of UDI. Back Page.

At Heathrow Airport, London, Giles Pace, a Vietnam veteran, said he was assembling a 300-man American volunteer force to fight the guerrillas. He claimed to have Mr. Smith's backing.

Smallpox victim's mother ill

The mother of smallpox victim Janet Parker has also contracted the disease. Hilda Witcom, 70, has the same type of smallpox as her daughter, who died on Monday. Mrs. Witcom's husband died of a heart attack last week.

Three die at steelworks

Three men died when molten metal showered down on them at a Tyneside steelworks late last night. They were shifting the metal from the bottom of a smelter at the Davy Roll works, Gateshead.

Heroin haul

Sarah Clode, aged 21, of London, and Gert Buchmaier, 26, of Murzuschlag, Austria, were arrested by Rome police who say their luggage contained heroin worth $18m (£9.18m). They had arrived from Singapore en route for London.

Airport delays

London Heathrow Airport's consultative committee wants the number of immigration officers in the long-haul terminal increased to cope with "unacceptable" delays. On one visit, the committee found up to 600 people queuing to go through.

Ali weighs in

Muhammad Ali, seeking to become world heavyweight boxing champion for the third time in New Orleans tonight, weighed in at 221 lb, 20 lb heavier than Leon Spinks, the champion. Men and Matters, Page 20

Just curious

John Pearson, of Mansfield, Notts., took the keys to his father's mini van, started it, drove out of the drive, down the street, into a neighbour's drive and hit the back of a Land Rover. John, described as "inquisitive," is two years old.

Briefly . . .

Japan's experimental nuclear reprocessing plant at Tokai has been closed for three weeks because of a radiation leak.

Royal Navy team blew up a 350 lb mine dragged up by a fishing boat off Oban, Scotland.

Eleven men were given hospital checks after an acid tank leak on a hospital site in Ashford, Kent.

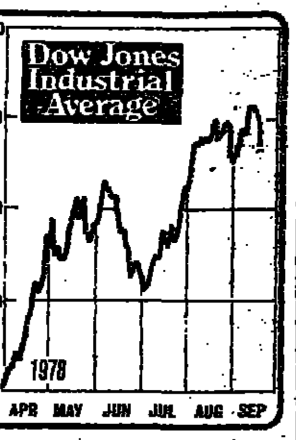
BBC Radios One and Two will separate completely in November with Radio Two broadcasting around the clock.

Ko Hua, new Chinese ambassador to the UK, arrives in London today.

BUSINESS

Wall St. down 19 in two days

● WALL STREET stocks took their steepest slide in months, reflecting interest rate worries and disappointment over lack of progress at the Camp David Summit. The Dow Jones average fell 12.56 to 887.04, making a fall of over 19 points in two days.



● EQUITIES drifted back from their early firm position, and the FT ordinary index, which stood 5 points up at noon, closed 1.2 up at 535.5.

● GILTS were boosted by the August trade figures, and longs put on ⅝. The Government Securities index closed 0.24 up at 70.97.

● STERLING eased 15 points to $1.9600 and its trade-weighted index rose to 62.9 (62.8) while the dollar's depreciation narrowed to 9.1 per cent (9.2).

● GOLD rose $¾ to $210⅝ in London, and in New York, the Comex September settlement price was $210.20 ($211.50).

● LONDON TRADED Options market made a record number of contracts for the third consecutive day making the seventh time volume has exceeded 1,000. Page 34

● THE CROWN AGENTS are to give up their banker-type role in handling the investment of about £700m in short-term funds for overseas governments. Back Page.

● CHANCELLOR Helmut Schmidt of West Germany has said he is confident differences between West Germany and France over the functioning of the proposed European monetary system can be resolved. Page 3

● EEC is preparing an anti-cartel case against more than 30 aluminium companies in the western nations and the Eastern bloc countries. Back Page

LABOUR

● TGWU has drawn up a pay claim for its public service members far outside the Government's Phase Four guidelines, which includes a £60 minimum wage and a 35-hour week. Page 11

● MARATHON'S Clydebank oil rig workers have appealed to the Labour movement in Scotland to support a campaign against rising unemployment in general, and the threatened closure of the yard in particular. Back Page

COMPANIES

● DALGETY pre-tax profits for the year were a record £24.4m against £17.1m and the directors proposed a £17.7m rights issue. Page 22 and Lex

● ARTHUR BELL AND SONS, the Scotch whisky distiller made a record £13.61m profit for the year to June 30, following a rise from £5.25m to £7.77m in the first half. Turnover rose from £120.17m to £153.06m. Page 22 and Lex

● BOOKER McCONNELL pre-tax profit for the first half of 1978 increased from £9.84m to £11.82m on turnover up from £230.49m to £266.99m. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 10½pc 1997	£87¼	+ 1
Apex Properties	260	+ 12
Bank of Ireland	465	+ 17
Bank of Scotland	294	+ 7
Barclays Bank	368	+ 10
Bridon	116	+ 9
British Vita	119	+ 6
Carpets Intnl.	66½	+ 4
Compton Sons Webb	66	+ 7
Daily Mail A	355	+ 12
Fodens	67	+ 7
Huntleigh	158	+ 11
Jones and Shipman	162	+ 6
Lead Inds.	163	+ 7
Leyland Paint	95	+ 8
London & Gartmore	88	+ 6
ML Hldgs.	235	+ 10
Newarthill	176	+ 11
Oliver (G.) A	63	+ 5
Pearson Longman	240	+ 6
Pearson (S.)	237	+ 15
Peerage, Birmingham	68	+ 10
Stonehill	112	+ 6
Thomson Org.	280	+ 10
Trust Houses Forte	244	+ 8
Turriff Corp.	89	+ 6
McLeod Russel	236	+ 11
Lennard Oil	38	+ 7
Magnet Metals	45	+ 9
Minorco	207	+ 9
Northern Mining	134	+ 15
North West Mining	47	+ 5
Randfontein	£39¼	+ 1¼
Spargo's Exploration	45	+ 5
Western Queen	33	+ 12

FALLS

Bell (A.)	270	− 16
Dixons Photographic	135	− 7
Prudential Assurance	160	− 5
Burmah Oil	79	− 3
Guthrie	365	− 15

Current account in surplus as exports recover

BY PETER RIDDELL ECONOMICS CORRESPONDENT

Britain's current account appears to be running just on the surplus side of balance at present, in spite of sharp month-to-month fluctuations.

The rate of growth of export volume has been recovering from lower levels at the beginning of the year, and with North Sea oil making a growing impact this has offset the continued rapid expansion of imports of manufactured and semi-manufactured goods.

In August, there was a current account surplus of £133m compared with a deficit of £57m previously. This continues the patterns so far this year of alternating surpluses and deficits.

The underlying trend has become more favourable after the large deficit int he first three months of this year. Between June and August, there was a surplus of £87m compared with a £7m deficit in the previous quarter.

The cumulative current account deficit for the first eight months of this year was £43m. Consequently the projection in the April budget of a £750m surplus for the year now looks well out of reach though officials believe there will be a surplus overall in 1978.

The announcement of the trade figures boosted sterling and the trade-weighted index rose by 0.1 to 62.9, the highest closing level for seven weeks.

The pound was firm yesterday, as it has been all month, against the main Continental currencies, although its pattern against the dollar has been less clear-cut. Yesterday the pound fell by 15 points to $1.96 after a peak of $1.9650.

While the trade figures were in line with market expectations, there was a slight distortion because of an industrial dispute at Southampton docks. This reduced imports in August by about £40m, with a likely offsetting effect this month, but had no impact on exports because of differences in the timing of the collection of data.

The Department of Trade estimates that the invisibles surplus will be an average of £75m a month in the third quarter, £36m less than in the second quarter, because of higher net contributions to the EEC. There may also be larger profit payments abroad associated with North Sea activities so that the total invisibles surplus is well under half the level of a year ago.

The recent trend in visible trade has been more encouraging. After excluding erratic items, the volume of exports rose by 3½ per cent in the last three months. This is in line with the recent survey of export prospects and is supported by hopes of a slightly faster expansion of world trade in the second half of this year.

The volume of imports, again excluding erratic items, rose by just over 2 per cent on a three-month comparison, with purchases of finished manufactured goods 6½ per cent higher.

Imports of road vehicles have fallen in the last couple of months, possibly because of a rundown in stock levels. But purchases of consumer goods are now increasing rapidly—after slower growth in early 1978—in line with the buoyant level of retail sales.

BALANCE OF PAYMENTS

(£m, seasonally adjusted)

		Visible trade	Invisibles	Current account
1977	1st	−973	+478	−495
	2nd	−762	+465	−297
	3rd	+ 31	+543	+574
	4th	− 5	+512	+507
1978	1st	−612	+295	−317
	2nd	−135	+333	+198
	May	−227	+111	−116
	June	−100	+111	+ 11
	July	−132	+ 75*	− 57
	Aug.	+ 58	+ 75*	+133

* provisional estimate

Source: Department of Trade

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Liberals prepared for a pact, but with strings

BY RUPERT CORNWELL

THE LIBERAL ASSEMBLY gave its support yesterday to Mr. David Steel, the party leader, for entering a temporary pact with a major party after the next election, but only in exchange for a reliable guarantee of electoral reform.

The resolution, which gives Mr. Steel a virtually free hand within that proviso to negotiate with the Tories or the Labour Party should the Liberals hold the balance of power, was a welcome fillip for the leadership at a gathering dominated by the impending appearance of his predecessor, Mr. Jeremy Thorpe.

Mr. Thorpe, whose defiant intention to attend divided the party and aroused deep resentment among his 12 fellow MPs, finally emerged on the platform yesterday afternoon when the key debate on strategy had ended.

To the relief of the leadership, his reception was without serious incident. As he came out, preceded by Mr. Steel, some delegates stood up to applaud him. But as many or more, including the MPs and others on the platform, sat in silence.

Mr. Thorpe stayed for about 20 minutes. Without having spoken, he left to take part in evening fringe meetings, including one for Liberal election candidates, alongside Mr. Steel.

The approval of the strategy resolution was the climax of two years of painstaking work. It represents a defeat for Liberal "purists," who believe that the party will only prosper if it fights on a broad front, aiming at a Liberal majority in the Commons.

The resistance crystallised in an amendment that sought to take out the final section of the resolution, setting out the terms for a deal, on the grounds that it clashed with the party's declared intention not to acquiesce in the status quo.

Its defeat did not conceal the deep hostility among party workers to any repeat of the Lib-Lab pact. Mr. Steel will be able to enter into a Parliamentary agreement only with a "cast-iron commitment, endorsed by the MPs of the other party concerned" to electoral reform. Vague assurances will not be enough.

Thus the Liberals have managed to strike a balance between those who insist that the party would do best to stake all on a totally distinct programme, and the majority who accept that coalition politics are the only way ahead.

Even Mr. Cyril Smith, MP for Rochdale, and the pact's most outspoken foe, declared the resolution acceptable "provided it meant what it said." Referring to the tumult of the past three days, which has damaged Liberal morale, Mr. Smith declared that the Liberals had nothing of which to be ashamed.

"We are a party of decent, hard-working, sincere people, and not a bunch of incompetent criminals: and I'm sick of us being painted as such by the British Press."

Conference report, Page 11
Men and Matters, Page 20

Disputes cost BL £143m sales

BY KENNETH GOODING

INDUSTRIAL DISPUTES cost BL, formerly British Leyland, £143m in lost sales and at least £30m of profit in the first half of this year, said Mr. Michael Edwardes, chairman, yesterday.

He repeated recent warnings that disputes were putting parts of the business at risk and said: "We will not hesitate, we will not shirk to cut back investment, to cut back jobs very, very rapidly indeed if we do not get performance."

Mr. Edwardes was speaking after BL announced an improvement in taxable profits from £12.6m to £17m in the six months to July 1 mainly because of a major turnaround in BL Cars which contributed £14m of profit compared with a loss of £15.7m in the same period last year.

But this was offset by the setbacks within Leyland Vehicles, the bus, truck and tractor businesses. Industrial disputes are blamed for eliminating all the £21m profit achieved in the first half of last year.

Leyland Vehicles made a loss in the UK but this was covered by profits earned overseas.

BL engineering side plans jobs cut, Page 10
Cowley £27 claim to be considered, Page 11
Aveling-Barford appointments, Page 16

At a time when the market for trucks in the UK is very buoyant, up 13 per cent so far this year, Leyand has been losing market share because of supply problems. Its share of the trucks market is down from 22.8 per cent a year ago to 19.8 per cent today.

Mr. Edwardes was particularly scathing about the Bathgate plant which produces the successful range of Redline trucks. "The performance of the modern plant at Bathgate has been deplorable, culminating in the present dispute caused by the failure of part of the workforce to implement agreements."

He said that the £30m of investment planned for Bathgate was in jeopardy and gave an indication of the tough attitude he will be taking with the employees on Monday.

He said on the ITN "News at One" programme: "Bathgate . . . is an irretrievable situation. We are not negotiating, we are not crying wolf, investment at Bathgate when the plans are tabled with the unions and employee representatives on

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FEATURES

For latest Share Index 'phone 01-246 8026

Money supply falls as corset bites

BY MICHAEL BLANDEN

THE MONEY supply fell last month, bringing the growth rate so far this year back well below the official target range of 8-12 per cent for the full financial year.

The figures published by the Bank of England yesterday showed that the broadly-defined money stock, sterling M3, dropped by £490m, or 1 per cent, after seasonal adjustment in the four weeks to mid-August.

This was the first substantial fall in 18 months, and sharply reversed the previous month's increase of 1.1 per cent. As a result, the rise in the four months since mid-April was only about 1¼ per cent, equivalent to an annual rate of just over 3¾ per cent.

At the same time, the figures provided a clear indication that the official corset restrictions on the banks were beginning to bite, with a marked slow-down in the rate of increase of bank lending to the UK private sector.

The improved money supply figures had been largely discounted in the City markets, following the strong pointer given by last week's banking statistics. But confirmation of the fall, coupled with the encouraging trade figures, helped to sustain the better mood in the gilt-edged market.

This enabled the Bank to renew sales of the long-dated official tap stock, Exchequer 12 per cent 1999-2002, for the first time since mid-August, and to activate the short-medium tap stock.

Prices at the long end of the market ended with gains of up to ⅞, with short stocks rising by ¼, and the Financial Times Government securities index rose by 0.24 to 70.97.

The very low rate of monetary growth so far this year, well below the bottom end of the target range, is not regarded as a pointer to a continued trend, since it has been strongly affected by the decline in one month out of four.

Nevertheless, after the rise in the previous month and the substantial distorting flows of funds between the banks and the money market, the latest figures are felt to be more indicative of the underlying movements.

Some question marks over the immediate future remain, particularly if renewed strong sales of gilt-edged securities again bring liquidity shortages in the money markets.

In this situation, the authorities could decide again to ease it by releasing special deposits: at present, a recall of one per cent of these deposits is due on September 26.

The drop in sterling M3 last month reflected both a lower growth in bank lending and a smaller than expected central government borrowing requirement. As a result, domestic credit contracted for the first time since last September—by £276m, after seasonal adjustment.

Bank lending in sterling to the U.K. private sector rose by £256m, around half the recent rate of monthly increase. The figure included a drop in holdings of commercial bills by the Bank itself, previously increased as part of the efforts to ease money market shortages.

At the same time, the public sector's contribution to domestic credit was strongly negative, showing a fall of £556m after seasonal adjustment. The central government borrowing requirement, allowing for seasonal influences, was only modest and more than offset by gilt-edged sales and by the public's investments in National Savings.

Bank borrowing by the rest of the public sector also fell unusually sharply, with some signs that banks were cutting back lending to the local authorities.

Tables, Page 10

Support for Reksten

BY CHRISTINE MOIR

OSLO, Sept. 14.

THE NORWEGIAN Government appears to be ready to extend its support to the collapsed tanker shipping industry into the early 1980s — at least three years longer than originally intended.

The Norwegian Shipping Guarantee Institute, which has guaranteed loans of some £270m for tanker companies in difficulties, tonight announced agreement in principle to support the worst-hit and biggest tanker group, Reksten, until 1982.

In 1976, the Institute supported loans of about £70m, with guarantees due to expire at the end of 1979.

Last June the Institute and Reksten's main creditors Hambros Bank (thought to have lent Reksten about £50m) and the Aker shipbuilding group began renegotiating the terms.

After months of tough bargaining, the Institute has now indicated that it will not drop Reksten.

The new package can be expected to contain some benefits fo rthe Institute—possibly including a reduced ceiling on the guarantees. But last night Reksten's main creditors, Aker and Hambros, supported the proposals.

Homicide charge against Ford

BY JOHN WYLES

NEW YORK, Sept. 14.

FORD MOTOR COMPANY faces still more adverse publicity and possibly even a sales crisis for its Pinto small car after being indicted yesterday for reckless homicide and criminal recklessness, the first criminal case against the company.

For more than a year now the Pinto has been embroiled in allegations that faulty fuel tank design makes it prone to serious fires in rear-end collisions.

Pinto sales slumped in July after Ford agreed to recall 1.5m of the 1971-76 models. A series of court actions, of which yesterday's Indiana Grand Jury indictment is the latest, appear to be increasing consumer resistance, even though no safety queries have been attached to current models.

The Elkhart Grand Jury was convened to consider the deaths last month of three teenage girls whose 1973 Pinto burst into flames after being hit in the rear by a van. The indictment alleges that Ford failed to repair and modify the Pinto fuel tank.

The maximum penalty of $35,000 is considerably more modest than the civil penalties being sought on behalf of some of the 32 people who have died in Pinto crashes.

Ford has said the Indiana case is "unwarranted" and that the company has not violated any of the state's laws.

Pinto sales have been falling steadily for the past three years but in July they tumbled from a monthly selling rate of 15,117 in the first half of the year to 11,002.

There was a recovery in August owing partly to substantial cash incentives to dealers. But Ford will have to sell at a monthly rate of 16,771 if it is to reach its target of 185,000 Pinto sales this year.

A Pinto sales crisis could have severe implications for the company. It has already said it is losing money on each car sold and expensive promotional campaigns will add to its losses. However, Ford needs to sell about 190,000 Pintos in each of the next two years if it is to meet the Government's fuel economy standards.

Caldwell new Ford president, Page 27

£ in New York

—	Sept. 14	Previous
Spot	$1.9625-9640	$1.9655-9665
1 month	0.60-0.50 dis	0.60-0.55 dis
3 months	1.46-1.40 dis	1.49-1.45 dis
12 months	4.95-4.75 dis	5.15-4.90 dis

Norwegian wage-freeze move today

BY FAY GJESTER

OSLO, Sept. 14.

BELT-TIGHTENING measures to pull Norwegian living standards back to 1975 levels will be announced by the minority Labour Government tomorrow.

The measures, the most drastic introduced by any Norwegian government since the Second World War, will include a prices and incomes freeze, to take immediate effect and last at least until 1980.

The normal spring and autumn wage talks to adjust long-term pay agreements will be skipped next year. The price freeze notwithstanding, real incomes will fall, therefore, as import prices rise.

The new measures can be enforced temporarily by a provisional decree but will need parliamentary sanction. They will be submitted to the Storting (Parliament) when it reassembles in October.

They are likely to be approved by a large majority, as the Opposition agrees with the Government on the seriousness of the country's economic situation, particularly the need to get costs under control, reduce imports and increase exports.

Behind the move is the continued deterioration in Norway's external economy, despite several packages of austerity measures earlier this year and a relatively moderate spring wages settlement, enforced by compulsory arbitration.

The net foreign debt, which last year rose by NKr 30.5bn to NKr 84.95bn at the end of the year, is likely to pass NKr 100bn by the end of 1978—about half Norway's gross national product.

The country's much-vaunted oil wealth is not going to save the situation. On the contrary, the Government has been forced yet again to reduce its estimates of offshore production and revenue. This is partly because of development setbacks on the giant Anglo-Norwegian Statfjord oil and gas fields, which the Government hoped would come on stream by end-1979.

Because of the hold-ups in completing Statfjord's first production platform, the field is now not expected to start producing until well into 1980.

On another field, Ekofisk, production has not grown at the pace forecast, because of delays in completing a separation plant at Teesside for Ekofisk crude.

Also, world oil prices have failed to rise at the rate foreseen by Norwegian experts. In real terms they have fallen. For the second time in a year, therefore, the Government has had to cut its forecast.

State revenues from oil and gas over the four years 1978-81 are now put at just over NKr 40bn, against the NKr 50bn predicted in the revised national budget published in April, and the NKr 70bn estimates made in the 1978-81 long-term programme published in April last year.

Total value of production from the continental shelf over the four years is not now expected to exceed NKr 100bn. In April, 1977, it was estimated at NKr 140bn and last April at NKr115bn.

IMF 'to allow Turkey funds'

By Metin Munir

ANKARA, Sept. 14

THE INTERNATIONAL Monetary Fund is to allow the Turkish Government to purchase a second tranche of SDRs equivalent to about $50m under their stand-by agreement, a senior Turkish official told the Financial Times today.

The Fund is expected to reach a decision on this matter within a week, acting upon a favourable report by Fund officials who were in Ankara recently.

During the visit of these officials there had been reports that the IMF might not release the money as it was not satisfied with the effect that Prime Minister Bulent Ecevit's stabilisation programme was having on alleviating Turkey's economic crisis. A senior Fund official flew to Ankara to listen to an explanation of his programme from Mr. Ecevit.

The Turkish official said that the differences had been ironed out and that Turkey was looking forward to the disbursement of the second tranche.

New political storm over Moro

BY PAUL BETTS

ROME, Sept. 14.

ITALIAN anti-terrorist police have arrested one of the suspected leaders of the Red Brigades extremist movement.

The arrest comes as a political storm looms here, after the sudden public disclosure of letters purportedly written by Sig. Aldo Moro, the late Christian Democrat leader, during his captivity.

Earlier this year, the Red Brigades claimed responsibility for the kidnapping and murder of Sig. Moro.

The arrest of Sig. Corrado Alunni, suspected of taking part in the Moro kidnapping, comes at a time of increasing public disenchantment at the apparent failure of the authorities to identify those involved in the Moro affair.

For some time, Sig. Alunni, 31, had been on the police "wanted" list.

The police said they had found a large assortment of weapons and Red Brigades pamphlets when they arrested Sig. Alunni in a Milan flat where he was posing as an architect. Since his arrest, his only statement has been that he is a "militant Communist."

Meanwhile, the recent disclosure of a new series of letters apparently written by the former Premier during his month-long captivity has once again unsettled the political climate here.

The disclosure of these letters, allegedly written by Sig. Moro to some of his friends and Christian Democrat colleagues, follows publication here of confidential notes written by M. Francois Mitterrand, the French Socialist leader, containing reports of his conversations on the Moro affair with Sig. Bettino Craxi, Italian Socialist Party secretary-general.

Throughout the affair, Sig. Craxi came under attack, especially from the Communists, for favouring a deal between the Government and the terrorists to obtain the release of Sig. Moro. The other political parties maintained an intransigent attitude.

As an apparent token of gratitude, friends of Sig. Moro have given Sig. Craxi a bullet-proof car. This gesture has not helped ease the present political tensions.

In the latest batch of letters, Sig. Moro appears to have pressed the Government and his own party to negotiate with the Red Brigades.

The Communist Party, in a front page editorial in its newspaper, l'Unita, claimed today that the recent disclosures appeared to be an "orchestrated manoeuvre" to disrupt the country's present political situation.

Revival of the Moro controversy, which has forcefully revived demands for a parliamentary debate on the affair, comes at the same time as the increasing ideological row between the Italian Socialist Party and the Communists.

● Italy had a provisional trade deficit in July of L377bn, after a surplus in June of L511bn, the Statistics Institute said.

In July last year Italy had a trade surplus of L283bn.

Imports in July totalled L4,150bn and exports L3,770bn, bringing Italy's trade deficit for the first seven months of the year to L548bn.

Sig. Rinaldo Ossola, the Foreign Trade Minister, recently forecast a trade surplus for all of 1978 of L1,500bn, reflecting an improvement in Italy's trade terms and a drop in imports.

Last year, Italy had a trade deficit of L2,220bn.

Schmidt hopeful on currency proposals

By Jonathan Carr

AACHEN, Sept. 14.

CHANCELLOR HELMUT SCHMIDT tonight expressed confidence that solutions could be found to the outstanding differences between West Germany and France over the functioning of the proposed new European monetary system.

Herr Schmidt made the comment to an aide after the first round of talks with President Valery Giscard d'Estaing—talks being held in the context of the regular, twice-yearly Franco-German consultations.

In the light of the results of this first round, experts will be working overnight on three main aspects of the system, which is supposed to come into effect at the start of next year. There have bee nfears that differences between Bonn and Pars might put the timetable in danger.

One of the issues now being scrutinised is the problem of the yardstick against which European currencies participating in the system would move. The Germans want a fixed yardstick, for the French prefer one which would be based on a basket of currencies and which would continually alter.

The Germans fear that the French scheme, also believed to be favoured by the British and Italians, would bring a greater inflationary danger for their own country.

The experts are also examining what powers, and limitations, the proposed European Monetary Fund would have. Part of the reserves of the participating countries would be assigned to this fund and could be used for intervention for currency support.

Finally, the experts are considering what solutions might be found for those countries which at first decided that they could not participate fully in the system.

The problem of the Airbus, and Britain's possible participation in the scheme with the French and West Germans, has not so far been raised.

● West German Chancellor Helmut Schmidt will pay an official visit to Japan from October 10 to 13, Reuter reports from Bonn.

Unrest in Iran could spread, Owen warns

By Guy de Jonquieres

BONN, Sept. 14.

DR. DAVID OWEN, British Foreign Secretary, expressed concern today that a continuation of political unrest in Iran could lead to instability developing in neighbouring countries and in Pakistan.

He is understood to have warned at a meeting of EEC Foreign Ministers here that this could happen if the Iranian Government were seriously weakened by the present upheavals and were faced with the growth of increasingly radical tendencies on both the Left and the Right at home.

The Nine faced a sensitive problem in defining their attitude to the Iranian situation, he added.

Most European governments disapproved of some of the Shah's internal policies, but they also had a strong interest in the preservation of stability in the region.

It was important that European governments should encourage the Iranian authorities to pursue their internal liberalisation programme, and not enforce more repressive policies which could aggravate political unrest.

EEC Foreign Ministry officials have been instructed to study the matter more closely in advance of the ministers' next meeting.

Meanwhile, the ministers agreed that the EEC should propose a strengthening of the United Nations peacekeeping operations at the next General Assembly meeting, which opens in New York next week.

A draft resolution agreed here to-day suggests that UN members should consider establishing special training facilities in their countries for peacekeeping forces and inform the UN Secretary-General of the resources which they could contribute to future peacekeeping oprations.

Bid to block Belgian oil

BRUSSELS, Sept. 14.

BELGIAN OIL workers blocked some border posts in an effort to make their strike total and starve private cars and home heaters.

The strike started five days ago, but few people had been affected until to-day

Matters became more serious to-day with half of the country's filling stations reported empty, and oil workers moving to stop tanker trucks coming from Holland or France.

AP-DJ

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Marseilles docks closed by redundancy protestor

BY DAVID WHITE

PARIS, Sept.

AS THE latest French labour statistics showed a further sharp rise in the number looking for work in August, thousands of shipyard workers in Marseilles, one of the main unemployment black spots, staged protest demonstrations, paralysing sections of the city and its docks.

The Labour Ministry announced an increase of 5.7 per cent in the number of job demands last month, which totalled 1.16m. The figure, after seasonal allowances, marks the seventh successive monthly increase. It is 8.7 per cent higher than a year ago.

The Marseilles protests, in which 10,000 were reported to have taken part, were directed against redundancy plans at the Terrin group, the principal ship-repair business in France's biggest port, and the postponement by M. Robert Boulin, the Labour Minister, of a planned visit to discuss the group's problems.

About 1,760 redundancies were announced in the main repair branches of the group last week, after receivers gave up their efforts to put together a rescue plan acceptable to employees.

The family-run group was placed under receivership at the end of April, when the company announced it could not meet that month's payroll. The latest redundancies came in addition to the more than 800 announced in May, and the 1,300-plus in the nearby shipbuilding yards of La Ciotat.

The Marseilles ship industry was cited today by M. Raymond Barre, the Prime Minister, as a case in point for the Government's newly-announced "adaptation fund" for crisis industries. The fund, formally inaugurated this morning, provides FFr 3bn (£360m) for setting up alternative activities, particularly in shipbuilding and steel regions. FFr 1bn is being made available this year.

M. Gaston Defferre, Marseilles' Socialist mayor, was expected to present fresh rescue proposals for the Terrin group to-night. The receivers' efforts to find a bidder failed when employees rejected the job-reduction plans of M. Gilbert Fournier, chairman of a Le Havre company, the last in a line of would-be buyers.

The French Communist Party, which is allied to the main union organisation in the Marseilles dock area, has also presented a plan for the survival of the group, calling for state support and revisions of French maritime policy, which would bring more work for local yards.

Hopes are still being held out for saving at least part of the group, such as a profitable engine specialist, Sud M... but unions are resolutel... against breaking the group...

The closure of Terrin's repair business, hit by co... tion in the Mediterranean ... after it had invested heav... large-scale facilities, would... severe blow to the po... Marseilles. Terrin is the ... user of its dry docks, incl... one built for FFr 330m ... years ago, and claimed to ... biggest in the Common M...

A Communist Party dele... came out dissatisfied yes... from a meeting at the L... Ministry with M. Boulin... Georges Marchais, the C... nist secretary-general, wh... sented the party's propos... Terrin and another docum... the steel industry, declare... "the Government has ... decided to commit itself ... to a new policy capable o... batting unemployment."

The Labour Ministry at... the blame for the latest in... in job demands to hesitat... the part of employers, w... to take advantage of fiscal... fits for the hiring of ... people. But this reasoning... since the beginning of th... mer, is beginning to lose ... of its conviction.

France to give industry priori...

BY ROBERT MAUTHNER

THE FRENCH Government's industrial policy will give high priority to improving industry's international competitiveness and developing advanced technology industries and new products, according to guidelines adopted by the Cabinet.

Commenting on the new guidelines today, M. André Giraud, Industry Minister, said that given France's dependence on imported energy and raw materials, the country had no choice but to adopt an outward-looking economic policy.

French industry was confronted with formidable problems. It had to face fierce competition from the most dynamic industrial countries which, using multinational companies as their instruments, "wanted to gain control of France's most advanced industrial sectors," and also from developing countries, which had launched a strong offensive based on their raw material resources and the availability of cheap labour.

French industry, at present employing about 28 per cent of the active working population, and producing 80 per cent of the country's exports, had been relatively neglected in favour of agriculture, building and housing.

Significantly, while West Germany's industrial population was 40 per cent greater than that of France, the former's active working population was no more than 20 per cent higher.

But the performance of the French car, computer and nuclear industries showed nothing was inevitable about West German industrial superiority.

The Government intended to make a special effort to create the conditions which would enable industry to expand in the right direction.

Measures already taken included the freeing of industrial prices, renewal of FFr 3bn (£360m), worth of export credits for 1979, FFr 3bn of "soft" loans to industry to be made available by the Crédit National, and the setting up of a FFr 3bn fund for industrial reconversion of regions particularly hard-hit by business closures.

The authorities would also take steps to cut the red tape which now obstructed mergers, and purchases of compan... other concerns, to decen... the banking system, to fa... increases in companies' ca...

Financial encouragement ... be given to small and m... sized businesses to develo... exports and to acquire f... companies employing ad... technology and producin... products.

A "national innovatio... gramme" aimed at promot... production of technolo... advanced products such as... equipment, computers, inte... electronic components, a... development of new ... sources would be drawn ... January 1 next year f... following two years.

The Government fully in... to pursue its basic free ... policy, but would not hesi... resort to temporary pro... measures, such as anti-du... duties, if the rules of the... were not accepted by othe... ing nations.

Nor would the auth... stand idly by if foreign ... panies tried to acquire ... of certain important ind... sectors,

Brezhnev invited to visit India

BY DAVID SATTER

MOSCOW, Sept.

THE SOVIET President, Mr. Leonid Brezhnev, may visit India this winter, the Indian Foreign Minister, Mr. Atal Biharee Vajpayee, said here today. Mr. Vajpayee passed on the invitation when he met Mr. Brezhnev in the Kremlin yesterday.

The question of Indian attempts to improve relations with China has hung over Mr. Vajpayee's visit and the Foreign Minister told a news conference that he had assured Soviet leaders that better Sino-Indian relations would not affect relations between India and the USSR.

"I gave them the assurance in all sincerity and whether the Soviet leaders have been satisfied or not is for them to say," he said. Mr. Vajpayee is due to visit Peking next month.

Soviet dismay over recent Chinese diplomatic gains may impel an Indian trip by Mr. Brezhnev if this is considered necessary to counterbalance any progress by the Chinese in their relations with the Soviet Union's largest and traditionally dependable Third World a...

At a breakfast in Mr. Vaj... honour, the Soviet Foreign ... ter, Mr. Andrei Gromyko, ... criticised Peking for "aggr... hegemonistic great powe... ties," which he said showe... clearly in the case of the ... provocations" against Vie...

Mr. Gromyko also seeme... referring to the long-st... Soviet proposal for a sys... collective security in Asia ... he referred to China's "... sive and expansionist en... ments" in that area.

Libya plans Maltese refinery

By Godfrey Grima

MALTA, Sept. 14.

WITH ITS oil supplies accord with Libya due to run out shortly, Malta may accept a proposal from the Libyan Government to set up a refinefy on the island that would process all of Malta's petroleum needs. These would then be retailed to the Maltese at greatly reduced prices. Libyan leader Col. Muammar Gaddafy wishes to see the preferential terms at which the Maltese Government is purchasing Libyan crude passed on directly to the consumer.

Libya's suggestion for the construction of a refinery, which presumably would also export its products, was made three months ago after Col. Gaddafy started insisting that the Maltese people benefit directly from whatever preferential terms are given to the Malta Government.

The Libyans are suggesting that the plant be built and run by the Brega Petroleum Marketing Company. They first gave the Malta Government three weeks, then three months, to consider the refinery proposal. Officials from both countries met last week to discuss the plan in detail, and it now appears that Malta may eventually endorse the scheme.

The problem facing Premier Dom Mintoff's Government in meeting Libya's request to reduce the retail price of petroleum products is not easy. When selling petrol and diesel to Maltese consumers at a premium, Dom Mintoff's administration has been able to finance a number of government projects including improved social services. Bringing down the retail price of petrol and diesel means the Government will have to tap new sources of revenue.

What raises hopes of an eventual accord is the fact that both countries are anxious at the moment to display their solidarity.

Considerable efforts are being made to implement development schemes in Malta particularly in agriculture, fisheries, health, education and publishing.

كاملة من الأصل

EUROPEAN NEWS

Spanish Senate row over devolution plan

BY OUR OWN CORRESPONDENT

MADRID, Sept. 14.

A MAJOR ROW broke out in the Senate last night during a debate on the controversial articles in the new Constitution covering devolution, when three amendments to the text approved by Congress were passed with the backing of the governing Union of the Democratic Centre (UCD). The amendments had not been previously agreed by the major parties and represent a reinforcement of Government control over the delicate process of devolution.

The Socialist Party (PSOE), the second largest party in both Houses of Parliament, accused the Government of irresponsibility in breaking the fragile consensus that has carried the Constitution this far without major upset, while both the Basque and Catalan nationalists have warned that they are being placed in a position in which they will be forced to reject the new Constitution when it goes to referendum, probably in two months' time.

When the Senate resumed this morning, an independent Senator tried to clear the air by presenting a facetious amendment, written in verse, to the syntax of an uncontroversial clause. There were no votes against, but the incident was superseded by the news that the Basque Nationalist Party (PNV) executive would meet this evening in San Sebastian to reassess its position on the constitution.

The PNV withdrew its deputies from Congress last July, before voting took place on the final text to be passed to the Senate, after negotiations with the Government had broken down. Last weekend, new negotiations came to nothing, with the Government unwilling to meet PNV demands for a more overt recognition of Basque national rights in the constitution, and the restoration, before final approval of the constitution, of economic treaties under which the Basque country historically had been able to levy taxes.

The Government had regarded with extreme concern the threat of a new Basque walk-out, or worse, a PNV-led campaign to vote "No" in the referendum, believing this would inflame passions in the politically unstable Basque country.

This has made their support for amendments provocative to the nationalists — Catalan as well as Basque — and falling outside the consensus that had operated in Congress, all the more puzzling.

Two of the amendments reinforced overall control by central Government over Spain's "cultural inheritance," and over appeal courts. The Basque nationalists abstained on the first amendment, apparently not grasping its full implications. But the Catalan Senatorial coalition — the "Entesa dels Catalans," which covers practically the entire spectrum of Catalan parties—reacted angrily to what they describe as a potential aggression against their culture. The Catalans received immediate support in a telegram from the all-party Commission working near Barcelona on the draft of the future Catalan statute of autonomy.

But it was an amendment put forward by the UCD, which provides that statutes of autonomy be approved not by the future autonomous territory as a whole, but separately by each particular province within it, that provoked the most controversy. While UCD spokesmen maintain that this is merely an additional guarantee of the liberties of each province, it is transparently a sop to anti-nationalist feeling in the disputed Basque province of Navarre.

In practical terms, it means that Navarre, presently outside the framework of the provisional Basque autonomous body — the Basque General Council — will have to vote in two referendums if it wishes to join the future autonomous territory of Euzkadi, since provision for a referendum in Navarre is already inscribed in the constitution.

The Basque nationalists view this as a manoeuvre to ensure that Navarre stays out of the process of Basque autonomy, and believe that it will lead to an increase of the violence seen this year in Navarre, provoked principally by the neo-fascists and the Basque separatists guerrilla organisation ETA.

The president of the PNV has accused "fascist turncoats" in the Government party of leading this "reneging on previous agreements" and warns that although only the assembly of his party can take the final decision, the PNV will reject the constitution unless the UCD reverses its amendments in the plenary session of the Senate at the end of the week, which will vote on the final text.

Unions and employers square up for talks

BY DAVID GARDNER IN MADRID

THE CURTAIN had been due to come up on negotiations for an agreement between trade unions and employers to replace the so-called "Moncloa Pact"—signed last October and due to expire at the end of the year—once a new president of the CEOE, the Spanish equivalent of the CBI, was elected on September 25. However, the warning bells to prepare the actors on both sides have been so insistent in recent weeks that the Minister for the Economy, Sr. Fernando Abril Martorell, this week invited representatives of employers and unions to preliminary and "reflective" talks on September 20 and 22, when they will be briefed on the Government's view of Spain's economic performance this year, and the prospects for next year.

With private investment some per cent down on last year, unemployment likely to top 1m by the end of the year even by Government estimates, the target of cutting inflation to 16 per cent by the end of the year being eroded, and growth unlikely to exceed 2.6 per cent, the expiry date of the Moncloa Pact looms large in Spanish public life.

The major difference between the Moncloa Pact and what will replace it is that this year the unions and employers' organisations will play the major role. The Pact was really an emergency measure agreed among the political parties, within the framework of the consensus in parliamentary politics that has dominated the first year since general elections were held.

But this new role for labour and employers—which under Gen. Franco were grouped into the "sindicatos verticales," rigidly controlled corporatist institutions—has been complicated by divisions on both sides, as each has sought to come to terms with the new situation.

The main employers grouping, the Confederacion Espanola de Organizaciones Empresariales (CEOE), was hurriedly put together a year ago to unify criteria in negotiations both with the Government and unions. A compromise candidate, the Catalan banker and industrialist, Sr. Carlos Ferrer Salat, was elected in an attempt to paper over differences which otherwise threatened the very future of the CEOE. These differences erupted rudely in the face of Government projects for fiscal reform and enhanced trade union freedoms.

Sr. Ferrer was faced with the difficult task of vigorously defending employers' interests and at the same time reconciling them to the inevitability of trade union freedoms being formalised in a Government Bill put forward as part of the quid pro quo of the Moncloa Pact, under which the unions had agreed to limit wage rises for this year to 22 per cent.

But radical opposition to the Bill grew among employers, and while the Government retreated on the most polemical provision—the establishment of elected works councils with information on firms' plans and progress—Sr. Ferrer responded to the pressure in controversial statements made in the United States, warning American investors that the prospect of a free market economy was under threat in Spain. The issue severely complicated annual wage negotiations, and led to industrial unrest, particularly in the Barcelona industrial belt.

The radicals among the employers began to canvass alternative candidates to Sr. Ferrer. Prominent among them was the forthright Basque industrialist and CEOE vice-president, Sr. Luis Olarra, also a prominent Government critic. The Government itself flirted with several alternative candidates, as it saw Sr. Ferrer's support ebbing, but appears to have drawn back in fear of creating further divisions at this sensitive juncture.

In the last weeks, the tide has turned for Sr. Ferrer, following a thorough round of talks with the Government's economic strategists, and a number of other well-publicised meetings, notably last week with the U.S. ambassador, at the latter's request.

At the same time, no opposition to Sr. Ferrer has solidified into a viable alternative, while the radicals on his executive appear to have been pushed firmly on to the sidelines.

While this will aid the negotiation of a Spanish "social contract," the unions have also been having problems in developing a united strategy, particularly since the Government has been at no pains to conceal that it will be looking for a wage ceiling in the region of 10 per cent to 12 per cent next year, and the trade union Bill has been put effectively into cold storage.

While the Socialist General Workers Union (UGT) has grown rapidly in the past two years, it has yet to consolidate its position in the Spanish labour movement, and is reluctant to commit itself to any deal of more than a year's duration. On the other hand, the Communist-led Workers Commissions (CCOO), longer established and on which any future pact will hinge, are seeking a wide-ranging agreement for possibly as long as three years.

The CCOO leaders point out that a mere wages policy would not attack the roots of the crisis, for which they say there is a need for a comprehensive agreement including commitments to public and private investment, adequate public control over the social security system, consultation on the restructuring of crisis-hit areas of the economy like steel, shipbuilding and textiles, and a new framework of industrial relations. Otherwise, they say ominously, Spain's brittle democracy could be faced with "an extra-parliamentary situation."

One of their more controversial proposals is that the Pact should include a firm electoral timetable, on the grounds that even with a three-year agreement, investment will not pick up if faced with electoral uncertainty. For this, the negotiations will have to include the political parties, since the relevant laws will have to pass through Parliament, as well as a watchdog body to ensure that the agreements are implemented on all sides, in view of the patchy record of the Moncloa accords.

In essence, the CCOO, which hopes to be able to carry the UGT with it, is willing to forego any increase in the purchasing power of its members, in return for guaranteed trade union rights, and a comprehensive and long-term agreement which would encourage investment and offset any growth in unemployment.

The CCOO has already won considerable support for its plans among the two main small-to-medium sized employers' federations, and there are good prospects for agreement with the CEOE. Sr. Ferrer has stressed the need to revive investment and establish a firm framework of industrial relations, as well as impressing on the Government the need for adequate credit lines to industry.

Sr. Ferrer has been discreet on details, although his re-election is a foregone conclusion. But the main problems may arise on the union side. Although the workers commissions speak from a position of undoubted strength and confidence, their consent alone is not enough to make such a wide-ranging agreement stick.

Confusion reigns in Lisbon

By Our Own Correspondent

LISBON, Sept. 14.

THE PORTUGUESE Government crisis seems set to last some months judging by news reports and the opinions of political observers here.

The scenario is not yet clear, but it seems likely that political events will take on a decidedly confused tinge if the two-week-old government of independent Prime Minister Sr. Alfredo Nobre da Costa falls.

The confusion is not so much the procedures to be followed—these are well defined in the 1976 constitution—but rather over the kind of government to succeed Sr. da Costa's.

The options are limited, as shown by the strong political opposition to President Ramalho Eanes's earlier decision to appoint an independent premier and support a technocratic cabinet.

The Socialists, Conservatives and centre-right Social Democrats remain the three main contenders for some type of interparty agreement on a stable majority government.

Virtual non-starters are the Communists, in spite of their repeated calls for a Socialist-Communist administration — because neither right-wing party will countenance any such deal and the Socialists themselves regard it as tactically suicidal.

Any interparty formula for a majority government would appear to have been exhaustively aired during the previous crisis in January. Nothing has changed to make the parties any more friendly towards each other.

Thus any agreement reached would likely to be a weaker and less durable one. The president meanwhile can reappoint Sr. da Costa for two further attempts if the parties fail to come up with their own solution. Only after the Government's programme has twice more been rejected by parliament can President Eanes call new general elections.

East German trade gap with Comecon neighbours 'growing'

BY LESLIE COLITT

BERLIN, Sept. 14.

EAST GERMANY'S growing trade deficit with other Comecon countries is one of the most worrying factors in its present economic development, according to the German Institute of Economic Research in West Berlin.

The Communist German State is pushing exports faster than its domestic consumption is rising this year — a trend expected to continue in coming months as the country attempts to reduce the record 7bn to 8bn marks foreign trade deficit piled up last year.

So far this year, East German exports have risen 10 per cent, while national income has increased only 5 per cent. This is the reverse of the situation last year, the Institute (DIW), which specialises in Comecon economies, say.

Exports last year were to have gone up sharply but this failed to occur in real terms. East German shipments to other Comecon countries did rise by 10.3 per cent but imports from the area increased 18.9 per cent.

The deficit in East Germany's trade with Comecon amounted to between 3bn and 4bn marke, the institute adds.

Prices for East German imports from Comecon, mainly fuel and raw materials from the Soviet Union, are calculated to have risen about 10 per cent last year, so that actual increase in import volume was much less.

Private consumption last year in East Germany rose faster than planned while this year it is said to be rising at a reduced rate of 5 per cent.

East German foreign trade statistics, which the Institute notes are scantier than ever, indicate an 11 per cent increase in exports to Comecon this year.

Based on the 10 per cent rise in total exports, it is calculated that only a minimal expansion occurred in East German exports to OECD countries. Increased shipments to West Germany are virtually the sole exception.

The Institute notes that prices of the energy and raw materials which East Germany imports from Comecon have risen 10 per cent this year again, so that East Germany will continue to try to reduce its imports from the West.

This trend began last year when the East German deficit with OECD countries was cut by about DM 1bn to DM 4bn.

The Institute notes there is no apparent reason why East Germany should follow a "rigorous consolidation" of its trade with the West, as a large deficit is "easily financed."

An indication that this approach may be gaining ground is that earlier this year the East German Foreign Trade Bank entered the Euromarket for a $300m loan with a seven-year final maturity, carrying a ¾ per cent spread over LIBOR.

Signs are appearing in East Germany of a wider ranging reorganisation of the country's foreign trade structure along the lines of the Carl Zeiss Jena industrial combine as well as the Robotron and Zentronik groups that now have their own foreign trade departments.

This could eliminate some of the friction at long delays involved in dealing with the previous foreign trade organisation that separated buyers and sellers.

It is intended to increase the flexibility of centrally-managed East German industry while avoiding actual decentralisation which is politically suspect.

The Institute calculates that East Germany's gross national product has been increasing at a real rate of between 3 and 4 per cent between 1975 and last year.

Alpine region conference

By John Wicks

ZURICH, Sept. 14.

A CONFERENCE of the Alpine regions is to be held in Lugano from September 18 to 20 under the auspices of the Council of Europe and the European Council of Local and Regional Authorities.

Governmental and local authority representatives from Germany, Austria, France, Italy, Switzerland and Lichtenstein will discuss the scope for development of the Alpine area and co-operation within the area at inter-regional, national and European level.

Of particular importance is the promotion of co-operation in frontier regions in the Alps, according to a Swiss Government communique.

AMERICAN NEWS

Congress drags feet on weapons cut-back

By David Buchan

WASHINGTON, Sept. 14.

THE ADMINISTRATION is running into more trouble with Congress on the issue of defence spending in 1979. Last month, President Carter, in the first major veto of his presidency, struck down the 1979 Weapons Procurement Bill which Congress had passed, and last week the House of Representatives was unable to overturn that veto.

The House Armed Services Committee yesterday did part of the President's bidding when it deleted from the re-written Bill $2bn for a fifth nuclear-powered aircraft carrier which, Mr. Carter maintains, would be unnecessary. But it refused to restore cuts in programmes for, among other things, new tanks and Cruise missiles and, for up-grading the equipment of U.S. forces in Europe—all of which Mr. Carter and the Defence Secretary, Mr. Harold Brown, consider essential.

Many Congressmen feel that the White House has played fast and loose with them on the weapons Bill, by striking down what was felt to be a reasonable draft. They are not prepared, mainly out of pique, to make all the changes Mr. Carter wants. Mr. Brown, appearing before the Committee yesterday, said that failure to restore the cuts and bring the defence budget back to its originally intended level of $126bn "poses a risk to national defence, and Congress shares the responsibility."

The U.S., along with many of its NATO partners, has commiteed itself to a 3 per cent real increase in defence spending, in an effort to match a build-up by Warsaw Pact countries. Mr. Brown said the administration would probably resort to asking Congress for supplementary defence appropriations of $2bn.

Meanwhile, the Defence Department has notified Congress that it intends to sell Iran 31 more Phantom fighters. Under 1976 legislation, Congress has 30 days to stop the sale, if it wishes. The aircraft will not carry the latest radar-baffling U.S. missiles for which the Shah asked, but the proposed sale again demonstrates the strong U.S. interest which the Carter Administration sees in the survival of the Shah's regime.

NY bank chairman opposes incomes policy

BY JOHN WYLES

NEW YORK, Sept. 14.

A PLEA to the Carter Administration to avoid the "useless detour" of an incomes policy was delivered here today by one of the most influential voices of New York business.

Indications that the second stage of the administration's anti-inflation policy may include wage and price guidelines are causing mounting anxiety in business circles, which are concerned about the disruptive potential of such guidelines, and are sceptical about their chances of success.

The White House is expected to make some announcement on stage two in the next week or so. A speech this morning by Mr. Ellmore Patterson, chairman of Morgan Guaranty Trust Company, is clearly a last-minute and probably forlorn effort to urge the administration to think again.

However, the administration is well familiar with Wall Street's view that the only credible means of reducing the inflationary outlook in the U.S. *is a sharp reduction in government* spending and, thus, in the federal deficit. Monetarists of various persuasions have been proclaiming that the proposal of a $40bn federal dficit for fiscal year 1979 is foolhardy for the fourth year of business recovery, and bound to stoke the fires of inflation.

In a keynote speech to a conference on the business outlook, Mr. Patterson stressed the "spotty record of accomplishment" of past incomes policies, and warned that the government could be risking a confrontation with private parties that we ought to have the sense to avoid." The leading banker went on to criticise proposals for a tax-based incomes policy which are being promoted by leading economists, such as Mr. Arthur Okun, and influential officials such as Mr. Henry Wallich, a member of the Federal Reserve Board.

Mr. Patterson argued that the use o taxes, either to penalise employers who breach wage guidelines or to reward those who honour them, "would be a system of controls on both wages and prices with all the attendant distortions that controls produce."

Meanwhile, a pessimistic view of the outlook for inflation has come from the highly regarded Wharton Econometric Division of the University of Pennsylvania. Wharton economists forecast today that inflation would run at the rate of 7 to 8 per cent a year for the next two years, and warned that neither the proposed tax cut nor moves to restrict the U.S. money supply *would cut the rate.*

"Solutions to the inflation problem seem to be restricted to a major and extended recession, or a long period of slow growth, supplemented by inducements to increased productivity," says the Wharton report.

The economists warned that the U.S. economy is very weak, because of high inflation and rising unemployment, but they did not see a recession through 1980. However, they cautioned that "a substantial shock" could bring on a recession, but avoided a precise definition of what they meant.

Mexican companies begin to expand, says bank

BY WILLIAM CHISLETT

MEXICO CITY, Sept. 14.

COMPANIES IN Mexico, after a period of little investment, have started to expand again as a result of increased demand and a generally more favourable economic climate, according to a study carried out by Banamex, a leading private Mexican bank.

The study shows that—of 69 medium and large companies taken from all sectors, with total sales worth 64bn pesos ($2.7bn) —43 per cent of them started to buy new machinery and to expand premises in the first six months of this year, compared to 18 per cent in the equivalent period last year. A further 24 per cent are about to start to do so. Banamex did not specify the new investment figures.

At the end of last year, 40 per cent of the companies said that they had an excess of capacity, having regard to demand. But now, only 15 per cent find themselves in that situation. As a result of capacity and demand coming more closely into line, companies are starting to show more confidence in investing.

Nine months ago, companies were working at about 68 per cent of their capacity, said the bank. Now the figure is 78 per cent. The sectors which are investing more are those of textiles, clothing, cement, construction, pharmaceuticals and linen which has gone from use of 73 per cent of its capacity in November to 93 per cent now.

The bank takes it as an encouraging sign that 38 per cent of the companies consulted are working at more than 90 per cent of capacity, compared to 25 per cent of companies in November.

Further positive signs are that production of construction materials went up by 22 per cent in the first six months of this year, compared to the equivalent period last year, and the sale of lorries by 60 per cent in the first half-year. As a result of the increased lorry sales, raw and building materials can be made more readily available for companies, and transport of finished products is facilitated.

Banamex believes that the volume of industrial production will grow by 8 per cent this year. (Previously, it thought that the rate would be 6 per cent).

Last year, it grew by only 2.3 per cent.

But the bank points out that, when the two figures are taken together, the average for the past two years is still only 5 per cent, compared with an annual rate for growth in volume, during 1970-76, of 6 per cent.

Belgian deficit grows

The Belgo-Luxemburg current account payments deficit widened to a provisional BFr 4.4bn in June from an unchanged BFr 1.7 bn deficit in May, but was lower than the BFr 8.5 bn deficit in June 1977, according to National Bank figures. Reuter reports from Brussels.

Minorities given more business

BOSTON, Sept. 14.

THE AMOUNT of federal contracts being officially directed towards companies run by ethnic minorities is increasing rapidly, and the total may be more than $1bn a year.

As a result, market opportunities for minority-run companies have increased, according to Mr. John Gloster, president of Opportunity Funding Corporation, a Washington venture-capital concern that aids businesses run by minority groups. In a few cases, he adds, the money has *poured in so rapidly that these companies have run into difficulties* because of expanding too fast.

In the fiscal year which ended last September 30, about $1.2bn of a total of approximately $75bn of federal procurements went to minority businesses. This was up from $807m two years earlier, according to the Office of Minority Business Enterprise, a Commerce Department agency which encourages increased spending with minority businesses.

Government and minority-group representatives contend that the federal spending programmes aiding minority businesses are not arbitrary because the programmes are based on provable past discrimination. They also argue that the programmes are not rigid but rather allow flexibility based on the availability of minority-run companies in different geographical areas

AP-DJ

GDP growth of 201% in Brazil since 1964

BY DIANA SMITH

RIO DE JANEIRO, Sept. 14.

THE GROSS domestic product of Brazil increased by 201 per cent in the 14 years since the military coup in 1964, at an annual rate of 8.2 per cent. A GDP of $54.6bn at the end of 1963 had grown to one of $164.4bn by the end of 1977, according to the Brazilian Planning Ministry. Brazil now has the tenth largest economy in the world.

However, the governement is now engaged in a big effort to hold down the balance of payment deficit to a manageable level. This has meant a comparative slowdown in growth of GDP, to 6 per cent last year, as against 10 per cent in some of the best years *before the great* rise in oil prices in 1973.

The government, whose term is to expire in March, 1979, is committed, the Ministry says, to adapt the national productive structure to the new conditions which arose after teh 1973 rise in oil prices, to take measures aimed at reducing the growth of oil consumption and imports to substitute imports by domestic raw materials and capital goods, and encourage exports.

In the 1964-78 period, the population grew by 48 per cent, from 76.4m to 113.2m, while GDP per capita grew by 103 per cent, from $715 to $1,452.

Gross fixed capital formation increased by 254.2 per cent, from $10.3bn to $36.5bn, while personal consumption grew by 170 per cent from $36.6bn to $98.9bn.

Exports, meanwhile, increased by 764 per cent, from $1.4bn to $12.1bn, diversifying greatly so that $3.5bn worth of manufactured goods were exported in 1977, compared with $165m in 1963.

In 14 years, the report claims, industrial product increased by 221 per cent, farming and cattle breeding yb 93 per cent, and services by 189 per cent.

The urban population grew by 90 per cent, from 36.5m to 69.5m. Distribution of incomes, the report admits, became less equable between 1960 and 1970, but more so by 1976. In 1970, 45.9 per cent of the economically-active urban (and 83 per cent of hte economically-active rural) population earned no more than the minimum wage. By 1976, this proportion had altered to 29.2 per cent of the urban (and 56.2 per cent of the rural) population.

In 1976, the wealthiest 5 per cent of the population received 38.8 per cent of the national income, compared with 40.7 per cent in 1970. The share of the poorer 50 per cent rose from 10.8 of national income in 1970 to 13 per cent in 1976.

Genstar in U.S. land project

By Robert Gibbens

MONTREAL, Sept. 14.

GENSTAR, the Canadian based building materials, chemicals and realty development group controlled indirectly by the Belgian Societe Generale is expanding again in the U.S. Two weeks ago the company bought a 20 per cent equity interest in Flintkote the big U.S. building materials group.

Now Genstar has taken out an option on 2,400 acres of residential and industrial development land in the Vancouver, Washington and Portland, Oregon areas of the U.S. This will be the company's first major development project in the Pacific north-west. Genstar earlier had moved into realty development in the eastern U.S.

Martial law made total in Nicaragua as rebels win groun[d]

BY JOSEPH MANN

MANAGUA, Sept.

PRESIDENT Anastasio Somoza has declared a state of martial law in all of Nicaragua, in the face of a wide-scale armed rebellion in the most important provincial capitals.

Guerrillas and insurgents now hold a major portion of Nicaraguan territory, in spite of efforts by the 8,000-man National Guard to dislodge them.

In Esteli, Chinandega and León, the *second-largest city*, rebel forces control all but National Guard headquarters, and new hostilities were reported in other cities. Homes, shops and government buildings were in flames last night amid fighting between rebel and government forces. Rebels set up barricades *and barbed* wire in streets in many towns, burned vehicles and challenged anyone passing through zones under their control. The capital, Managua, although tense, remained quiet this morning.

Looting began yesterday in León, Esteli and Masaya, while *the* government blasted rebel positions with bombs and rockets in at least two cities.

Civilian casualties in fighting so far are very high, but no official estimates have been issued.

The Somoza Government today went on a war-footing and stepped up arrests and house-to-house searches in an attempt to put down the fighting which began with a wave of lightning attacks on army and police outposts on Saturday night. The Government is now arming civilians to try to create a special militia which would free the National Guard to fight outside the capital. Political and civic opposition leaders not already in jail have gone into hiding.

In the meantime, members of the Broad Opposition Front, an organisation embracing the non-violent political opposition groups, designated representatives who are expected to leave shortly for the U.S. to appeal for mediation from the United Nations and the Organisation of American States (OAS).

Opposition parties are planning to announce later today names of Nicaraguans who could make up a new national government to take over, when or if Gen. Somoza leaves office.

A general strike begun on August 25 has closed down virtually all commerce and industry in the capital. Most banks and petrol stations, however, have remained open, with curtailed business hours. The strike, now in its third week, began to fade last Thursday and Friday, but new hostiilties yesterday provoked the closure of many businesses in Man[agua]. In the war zones, commer[ce] paralysed, and many fa[milies] *are running short* of food [and] other necessities.

Security is tight in the ca[pital] and rumours abound abou[t the] possibility of guerrilla attac[ks on] the presidential compound [and] Hotel Intercontinental next [door]. The hotel, housing close t[o ...] foreign journalists, was occ[upied] *yesterday afternoon tempo[rarily]* after the National G[uard] received word of a pl[anned] attack by guerrillas. An at[tempt] was made in the afternoo[n to] seize control of Managua's [water]works, but troops beat of[f the] attackers.

Wealthy Nicaraguans and [their] families jammed the national airport this week [in a] desperate attempt to find [seats] on the remaining flights [out of] the country.

A friend of the Somoza f[amily] said that all its members, [apart] from the President and hi[s son] who commands the Na[tional] Guard infantry training s[chool] had flown to Miami.

One prominent local sai[d the] situation would probably [con]tinue to deteriorate in Nica[ragua] until Gen. Somoza resign[ed or] made major concessions t[o the] opposition. The general ha[s said] he is willing to talk t[o the] opposition, but, so far, opp[onents] have called for nothing sh[ort of] his resignation and the est[ablish]ment of a "National G[overn]ment" to include represent[atives] of the main political curre[nts in] the country.

The attacks against g[overn]ment forces are being c[arried] out by organised, highly-t[rained] guerrillas of the lef[t] *Sandinist Liberation* [Front,] armed youths and other ci[vilians] opposed to the Somoza r[egime]. In Leon, Esteli, China[ndega,] Jinotepe and other [towns,] masked rebels are ma[nning] street barricades, armed [with] hand-guns. Small-calibre [rifles,] shotguns, home-made bomb[s and] more powerful weapons [have] been taken from the Na[tional] Guard.

A Nicaraguan Catholic [...] bishop, who recently acte[d as] mediator between guer[rillas] and the government, has a[sked] for political asylum in [Costa] Rica, immigration autho[rities] said, Reuter reports from [San] José. Mgs. Miguel Oban[do] Bravo, the Archbishop [of] Managua, arived on a [flight] bringing people out of [Nica]ragua.

Canada post strike date

BY VICTOR MACKIE

OTTAWA, Sept. 14.

CANADIAN POSTMEN have set a strike deadline for September 22 if a contract agreement with the Government has not been worked out by then. Mr. Robert McGarry, president of the Letter Carriers Union of Canada, said today that the 19,000 members had voted 82 per cent in favour of a strike if their contract demands were not met.

Mr. McGarry said he was unwilling to order a strike if a settlement could be reached without a stoppage. "We have to give the Government a chance *to come back to the bargaining* table. Letter carriers have not gone on strike in Canada since 1970," he said.

The key issue is a cost-of-living allowance. The men have agreed to a 6 per cent increase in an 18-month contract but the union insists on a cost-of-living allowance to provide full protection against inflation.

U.S. COMPANY NEWS

Hanes agrees to merger with Consolidated Foods; Ashland Oil plans stock redemptions; *Caldwell new president at* Ford Motor Page 27

First batch o[f] Cubans leave under new pa[ct]

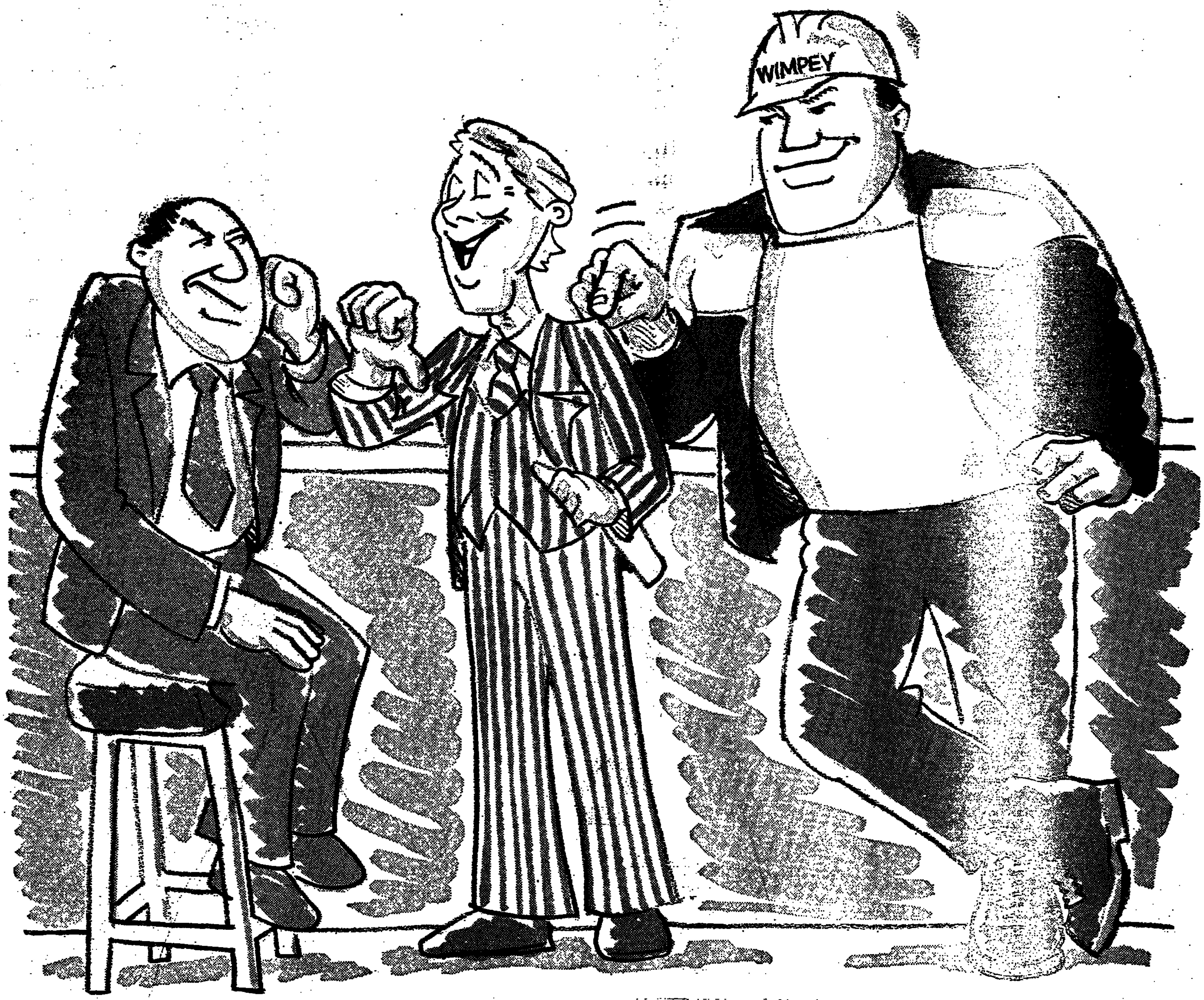
HAVANA, Sept.

SOME 132 people, the fi[rst of] more than 1,000 due to [leave] Cuba for the U.S. under [a new] agreement, are due to fly to Florida.

They are people with Cuban-U.S. citizenship and families, whose right to [...] was approved by the [...] President, Gen. Fidel Cast[ro in] June.

The 132, coming from [more] than 40 separate families, [will] fly to Miami in an a[ircraft] chartered by the *U.S.*

Reuter



Next time some know-all knocks Britain, just mention our name.

Wimpey. In one word you'll have demolished all his well-rehearsed but unresearched arguments.

Strike-torn Britain? Wimpey have excellent labour relations.

Industrial inefficiency? Wimpey have a world-wide reputation for professionalism, innovative thinking and, most important, on-time delivery.

Floundering businesses subsidised by state hand-outs? Wimpey is a completely independent company. We're Britain's leading contractors —Europe's too — and we've done that entirely off our own back.

Poor balance of payments? Last year Wimpey's turnover abroad was £292 millions. Which means we made a fair contribution towards redressing the balance.

So, don't threaten him with a smack in the teeth. Just mention our name.

WIMPEY

George Wimpey & Co Limited
Contractors

1977

OVERSEAS NEWS

VENDA

Lurching to 'independence'

BY BERNARD SIMON IN JOHANNESBURG

AN OPENING of Parliament with only two members of the biggest political party in attendance is surely a unique event. Yet that is what took place in Sibasa, the dusty capital of Venda, which is the north-eastern Transvaal area most likely to follow Transkei and Bophuthatswana as South Africa's third "independent" black state.

The reason for the empty seats in the Venda legislative assembly was a boycott by the Venda Independence Party (VIP), which in recent elections, won 31 of the 42 elected seats. The boycott was prompted by the arrest, shortly after the election, of 12 of the new VIP Parliamentarians—one event in a chain which many regard as among the least edifying in the history of the Nationalist Government's efforts to Balakanise South Africa's black population into nine "independent" homelands.

As long ago as 1973 it became clear that the Chief Minister of Venda, Mr. Patrick Mphephu (who heads the Venda National Party), owed his position to something other than his popularity among the territory's voters.

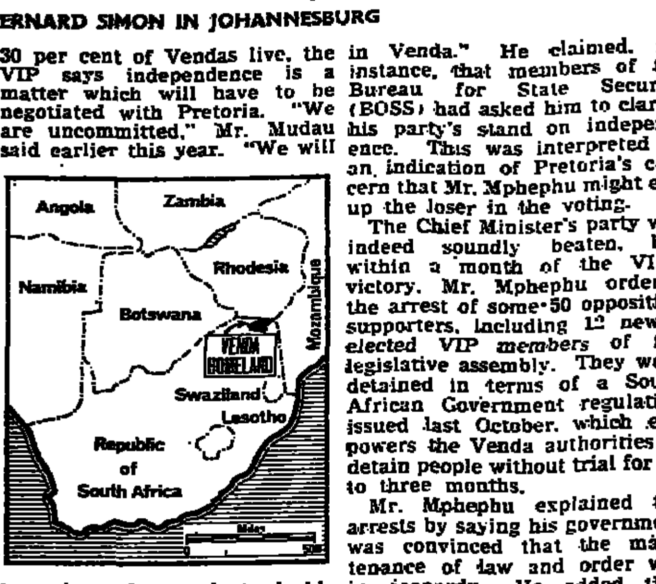
In elections held that year, VIP candidates won 13 out of 18 seats. It was assumed that, with the support of some of the assembly's 42 nominated chiefs and headmen, the VIP would have no trouble commanding a sizeable parliamentary majority over Mr. Mphephu's party.

But four days before the opening of the assembly and the election of the Chief Minister, all the chiefs were mysteriously invited on a trip to a nearby game reserve. The chiefs arrived back in Sibasa only minutes before the opening ceremony when Mr. Mphephu was re-elected as Chief Minister by a handsome majority.

Since then, Mr. Mphephu, who has only a primary school education, has said repeatedly that political parties are foreign to Venda traditions, and that their existence merely encourages tribal rivalries.

He has also come out strongly in favour of a Transkei-type independence for Venda, and the South African Minister of Plural Relations, Dr. Connie Mulder, said last April that he expects Venda to gain its independence by the end of 1979.

Despite its name, the Venda Independence Party, which is led by a university-educated sociologist, Mr. Baldwin Mudau, takes a neutral line on the independence issue. Deriving much of its support from South Africa's urban areas where over 30 per cent of Vendas live, the VIP says independence is a matter which will have to be negotiated with Pretoria. "We are uncommitted," Mr. Mudau said earlier this year. "We will leave it to the people to decide in the July elections."



Shortly before the election, Mr. Mudau complained to the South African Government that it was guilty of "gross interference in the democratic process in Venda." He claimed, for instance, that members of the Bureau for State Security (BOSS) had asked him to clarify his party's stand on independence. This was interpreted as an indication of Pretoria's concern that Mr. Mphephu might end up the loser in the voting.

The Chief Minister's party was indeed soundly beaten, but within a month of the VIP's victory, Mr. Mphephu ordered the arrest of some 50 opposition supporters, including 12 newly-elected VIP members of the legislative assembly. They were detained in terms of a South African Government regulation issued last October, which empowers the Venda authorities to detain people without trial for up to three months.

Mr. Mphephu explained the arrests by saying his government was convinced that the maintenance of law and order was in jeopardy. He added that charges would be laid after investigations by the South African police.

Mr. Mudau has responded by calling on those VIP members not in jail to boycott the legislative assembly. He has also threatened to withdraw himself and his party from the homeland's politics.

With only two opposition members in the assembly chamber this week and many of the nominated chiefs afraid to vote against Mr. Mphephu, it is not surprising that the Chief Minister has been re-elected by a large majority.

The South African Government has made no public comment on the Venda affair, although in a speech this week Dr. Mulder referred to Venda's pending independence.

Pretoria's inaction in persuading Mr. Mphephu to charge or release the detainees has been widely criticised, even by many government supporters. The Nationalist newspaper, Rapport, for instance, has asked whether the Government should allow an unrepresentative government to have its own way at a time when South Africa is still responsible for the administration of Venda. "South Africa's own credibility could be in danger," said Rapport.

Another point which has not gone unnoticed is that the northern part of the 600,000 hectare homeland adjoins the Rhodesian border. Fears have already been expressed that an unstable Venda could provide a haven for guerrillas from the north.

Israel claims progress made during Camp David talks

BY OUR FOREIGN STAFF

ISRAEL YESTERDAY appeared to be more optimistic than Egypt about the possible outcome of the protracted talks at Camp David. Nevertheless, its reservations were clear, for while progress was expected to be announced which would result in the continuation of Israeli-Egyptian contacts in the months to come, commentators were saying that there were still many substantive difficulties to be overcome.

Editorial writers in Egypt were yesterday predicting failure. Al Akhbar strongly attacked Israeli policies and especially the stance adopted by Mr. Menahem Begin, Israel's Prime Minister. "Begin," it wrote, "does not want peace nor will he accept it, because he believes in an expansionist policy." The aim of Israel, according to the newspaper, was to maintain the vicious circle of negotiation without ever reaching a real peace.

In Bonn, President Hafez Assad of Syria, one of the main Arab countries opposed to President Anwar Sadat's direct negotiations with Israeli leaders, ruled out a meeting with Mr. Sadat after Camp David. But he suggested a slight softening of Syria's hardline position by saying that he would attend Arab reconciliation talks "if there was agreement beforehand on fundamentals."

The tone of the Al Akhbar editorial in Cairo was as uncompromisingly hostile towards Israel as in the days immediately following the breakdown of the tripartite political committee in Jerusalem last January, and was echoed, although more moderately by the two other main Egyptian newspapers, Al Ahram and Al Gomhouria.

It would be unrealistic to believe that the editors of the three newspapers had not been receiving some guidance from the official Egyptian delegation at Camp David, but there could also be some rather embarrassed faces in Cairo should last minute efforts by President Carter produce an agreed final statement holding out the prospects of further progress.

President Sadat is expected to remain in the U.S. for at least three days after the conclusion of the summit and will return to Egypt via Vienna where he is scheduled to report to Dr. Bruno Kreisky, the Austrian Chancellor.

In contrast to the gloomy tenor of today's Egyptian Press, both of Israel's afternoon papers claimed yesterday that real progress had been made at the summit and that the legal experts of Israel and Egypt were engaged in drawing up a declaration of principles. At the same time, they, as well as Israel radio reporters broadcasting from Maryland emphasised that there were still many difficulties to be overcome.

Yediot Aharonot quoted U.S. sources as saying that both sides had shown additional flexibility. The Israeli side, while adhering to its plan for administrative autonomy in the occupied territories, is said to have agreed to a number of modifications in its plan which would, inter alia, result in greater Jordanian involvement in the administration of the West Bank. Mr. Begin was also said to have agreed that the question of sovereignty be determined at the end of the proposed five-year interim period.

The Egyptian side, it was claimed, had consented to Israel retaining responsibility for external security and anti-terror activities, but the Israeli troops would be stationed only along the Jordan river and the ridge controlling the Jordan Valley. This would be on condition that Israel agreed to the principle of withdrawal. Reports yesterday from Israeli correspondents in Thurmont indicated that what was being worked out would result in a virtual freezing of Israeli settlement in the West Bank. As to Sinai, Egypt would permit the continued presence of the Israeli settlements there, but under Egyptian sovereignty.

Meanwhile, the only official word from the summit has come from the White House Press Secretary, Mr. Jody Powell who said it was "in its final stages."

Lebanon mandate request

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Sept. 14.

DR. KURT WALDHEIM, UN Secretary - General, asked the Security Council today to keep the UN peace-keeping force, Unifil, in Lebanon for a further six months, warning that its removal could only produce a disastrous change for the worse in the southern part of the country.

He also obliquely criticised Israel's backing for the Christians when he referred to the resistance of "certain armed groups" to the full deployment of the force and to "the support from outside which these groups are known to enjoy."

Te Security Council is to meet on Monday to consider the report.

Reuter reports from Sidon, South Lebanon: Right - wing militiamen poured about 50 shells into targets in and near Nabatiyeh, a Palestinian-left-wing stronghold near the Israeli border, last night and early today. There were no reports of casualties.

Tunisian unionists on trial

By Tanya Matthews

TUNIS, Sept. 14.

THE controversial trial of Mr. Habib Achour, former Secetary-General of the General Union of Tunisian Trade Unions (UGTT), and 29 other trade unionists, started in Tunis today in an isolated army barracks area sealed off by scores of police.

Mr. Achour, who has been held in prison since the end of January, is accused of plotting tot overthrow the regime with foreign aid and using the UGTT for his own political ambitions. He is also accused of inciting the population to rebellion. The charges carry the death penalty.

Press were present as well as two foreign observers—Mr. van der Veken, the representative of the International Confederation of Free Trade Unions; and M. Francois Sarda, representing French barristers.

Emirates revalue currencies

BY OUR FOREIGN STAFF

The United Arab Emirates (UAE), Qatar and Bahrein Thursday revalued their currencies by 0.5 per cent against the dollar in a move co-ordinated between the financial institutions of the three countries.

The Qatari riyal and UAE dirham were revalued at (buying / selling) 3.8570/3.8600 from 3.8770/3.8800, and the Bahreini dinar at 0.38570/0.38600 from 0.38770/0.38800.

This was the second revaluation this year by the three Gulf states. Last February they revalued by half a per cent to bring their currencies closer to the stronger Kuwaiti dinar and Saudi riyal.

Zia to be Pakistan President

BY DAVID HOUSEGO

PAKISTAN'S MILITARY ruler, General Zia-ul Haq, is to take over as the country's President on Saturday following the resignation yesterday of the present head of state, Mr. Fazal Elahi Chaudhry.

The move marks a further step away from the return to civilian rule promised by Pakistan's military leaders and a reinforcement of military control over the Government.

Mr. Chaudhry, appointed as President in 1973 under the constitution introduced then by the deposed Prime Minister, Mr. Bhutto, had previously threatened to resign unless the army made a firm commitment to hold elections. Though his term of office officially came to an end last month, it was initially thought that he had been persuaded to carry on. His resignation weakens the credibility of the army's promise and raises serious constitutional issues.

In taking over the post of President in addition to his existing posts of Chief Martial Law Administrator and chief of the army staff, General Zia has also potentially made himself the final arbiter of Mr. Bhutto's fate. Should the Supreme Court dismiss his present appeal against a death sentence for ordering the killing of a political rival, his only hope of avoiding the gallows would be an appeal to the President. The hearing of Mr. Bhutto's appeal also resumes on Saturday.

Mr. Chaudhry's retention of office until now has allowed General Zia to argue that the constitution is still effective even though the Prime Minister, Mr. Bhutto, was removed.

Several senior politicians have called for a new constitution in the hope that this would commit the army to an election timetable. There has also been pressure from Baluchistan and the North West Frontier province for a new constitution that would grant these provinces greater autonomy.

Raids on Cape squatters

BY JOHN STEWART

CAPETOWN, Sept. 14.

TWO AFRICAN men were shot dead, a baby was trampled to death, scores were beaten up and several hundred squatters were arrested when South African police staged two successive raids on the Crossroads near Cape Town early today. The camp is home for 20,000 people.

When the squatters bunched around brazier fires in anticipation of the police search for illicit liquor and to check on identity documents, the police dispersed them by firing teargas canisters. An unknown number of people were admitted to hospital.

Police also arrested five clerics, including Father Desmond Curran of the Western Province Council of Churches, and fired shots which wounded two social workers. A pregnant woman was beaten up and admitted to hospital.

This morning the second raid —the first took place shortly after midnight—was still in progress and about 600 policemen in camouflage uniform as well as local government officials were still on the scene.

Eritrean guerrillas strike back

BY DAN CONNELL

KHARTOUM, Sept. 14.

WITH ETHIOPIA'S all-out offensive to regain control of the strategic Red Sea territory of Eritrea stalled since mid-August, Eritrean guerrillas claim to have stepped up their counter-attacks on the Government's extended supply lines and newly re-established garrisons.

The Eritrean People's Liberation Front (EPLF) says that its units have blocked Ethiopia's main offensive force from advancing out of Asmara towards the EPLF-held city of Keren.

Smaller guerrilla units are said to have retaken control of Eritrea's major highways, briefly reopened by the Government in early August after deep incursions into guerrilla areas.

A series of ambushes and surprise attacks along the two key highways linking Asmara with central Ethiopia has been announced by the EPLF from Khartoum.

"We have now moved to block all supplies on either of these two roads," their spokesman said. "All traffic is now stopped."

Government supply convoys were ambushed in three places on Saturday while EPLF units also shelled the new Government base at Digsa, the spokesman added.

"More than 375 Ethiopian dead and wounded were counted in these actions while three tanks and 19 military vehicles, were destroyed."

On Monday, the Government again tried to move supplies between the towns of Seganeiti and Decamare, in the area.

But the convoy, led by a small tank column, was said to have been routed by the EPLF.

Japan trade surplus down

JAPAN TODAY reported a customs clearance trade surplus of $1.29bn in August, down substantially from a July surplus of $2bn, but up from a $437m surplus in August 1977.

The Finance Ministry, in a preliminary announcement, said free on board exports last month rose 23 per cent from a year ago on a dollar basis to $8.05bn, while imports, measured with cost, insurance and freight charges included, gained 11 per cent to $6.76bn.

After adjustment for seasonal factors, the August surplus narrowed to $1.57bn from $1.64bn in July. Adjusted exports were up 7 per cent from July to $8.39bn and imports gained 10 per cent to $6.82bn.

In yen terms, the August surplus fell to Y245bn from July's Y422bn, but was more than double the comparable year ago surplus of Y116bn.

Yen-based exports fell 11 per cent from August 1977 to Y1,540bn, while imports slumped 20 per cent to Y1,290bn.

Seasonally adjusted, exports in August fell 1 per cent from July to Y1,610bn, while imports rose 1.9 per cent to Y1,310bn.

The Ministry will announce soon the August trade and current account results on an International Monetary Fund basis. Reuter

Zambia copper to be diverted

By Bernard Simon

JOHANNESBURG, Sept. 14.

PLANS ARE being made to divert patr of Zambia's copper exports from the Tamzan railway to a southern route through Botswana and South Africa, accordin gto officials here.

The move is prompted largely by a substantial increase in transport capacity on the southern route as a result of current efforts to move 90,000 tons of fertiliser from the Mozambique port of Maputo to Zambia.

هكذا من الاصل

Associated Television Corporation

now, in view of its highly diversified activities, renamed

Associated Communications Corporation

'I am anticipating new record profits in our current financial year'

Statement by Lord Grade of Elstree, Chairman and Chief Executive.

Review of the year to 26 March 1978

For the third year in succession the figure of profit has risen most significantly.

The 1977/78 profit before tax of £13,700,000 is 22% higher than for the year 1976/77 which was, at the time, the highest in the history of the Company.

Comparison with the preceding year, 1975/76, is even more striking inasmuch as the 1977/78 profit shows a rise of no less than 122%.

The profit after tax attributable to members is £8,050,000.

Once again the Group Results amply justify the confidence which I expressed in my last Annual Statement, and I have every reason to enjoy that same confidence today. I am happy to be able to say that all divisions in the Corporation are trading profitably.

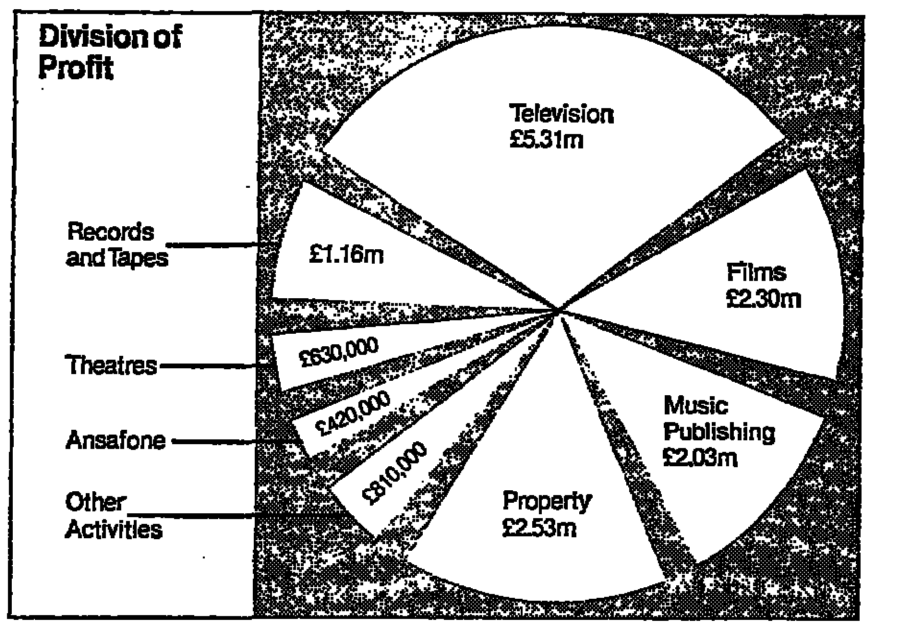
Earnings and Dividends

For 1977/78 the earnings per "A" stock unit after taxation were 16.83p (1976/77—14.68p). Accordingly, the Board is able to recommend a dividend of 6.606p per "A" stock unit, being the maximum permitted by the Treasury.

An interim dividend of 2.772p per unit was paid in March and a final dividend of 3.834p per unit (which reflects the reduction in the standard rate of income tax) was approved at the Annual General Meeting.

Tribute to Staff

My thanks are due to all staff at home and overseas—now numbering nearly 5,000—for the part they have played in building the Corporation to its present size and prominence.

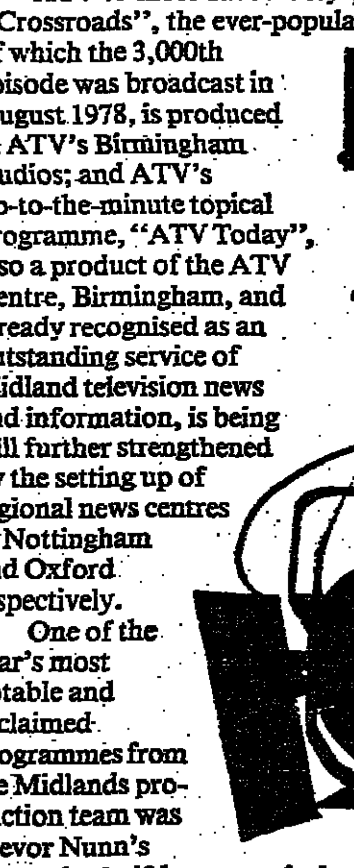


Group Activities

Television

Despite the change of name of the Corporation, the name of ATV Network Ltd., which holds the Midlands franchise granted by the Independent Broadcasting Authority, remains unchanged.

ATV is most favourably placed. "Crossroads", the ever-popular series of which the 3,000th episode was broadcast in August 1978, is produced in ATV's Birmingham studios; and ATV's up-to-the-minute topical programme, "ATV Today", also a product of the ATV Centre, Birmingham, and already recognised as an outstanding service of Midland television news and information, is being still further strengthened by the setting up of regional news centres in Nottingham and Oxford respectively.



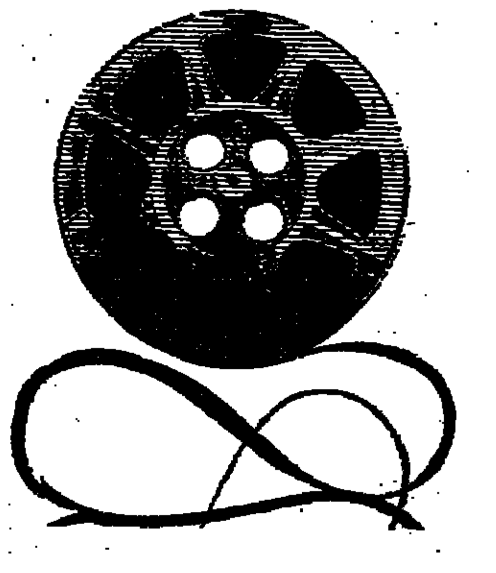
One of the year's most notable and acclaimed programmes from the Midlands production team was Trevor Nunn's two-and-a-half-hour musical version of Shakespeare's "The Comedy of Errors", specially recorded at the Royal Shakespeare Theatre, Stratford-on-Avon.

It is against this background of 339 hours of programmes produced in the Midlands that the Company's national contribution produced in ATV's other studio production centre at Elstree should be reviewed.

I need hardly say that, at the appropriate moment, ATV Network will automatically be applying for the continuation of the 7-day Midlands franchise which it has held since 1968, following on the 5-day Midlands franchise granted at the inception of Independent Television in 1954.

Film Production

ATV Corporation, through its ITC Entertainment subsidiaries, is already one of the world's major film producers, and over the years I have been at pains to stress the large-scale investment required to finance film production. It is therefore highly gratifying to be able to draw attention to this year's earnings from the film division, and to remind shareholders that the flow of revenue from this source is even today only just beginning.



In order to streamline the marketing operation of ITC Entertainment films, a new subsidiary—ITC Film Distributors Ltd.—has been formed.

The setting up of a new all-American subsidiary, Marble Arch Productions Inc., marks yet a further stage in the Corporation's progress.

Theatre

The Stoll-Moss Theatre Group had a most successful year. "A Chorus Line" continued to break all records at the Theatre Royal Drury Lane. In addition, the past ten months have seen such productions as "Filumena", "Cause Célèbre", "The Old Country", "Donkey's Years", "The Kingfisher" and "The Rear Column". Our new international star policy has brought many of the world's most famous artists to the London Palladium, including Bing Crosby, Sammy Davis Junior, Julie Andrews, Shirley MacLaine and Liberace, as well as the record-breaking American musical, "Annie", to the Victoria Palace.

Music Publishing, Records and Tapes

Music publishing has enjoyed an excellent year. There has been a substantial investment in the development of a background music library and considerable effort has been made in the development and encouragement of new writers.

In the UK, ATV Music was placed in the top three music publishers for 1977 by "Music Week", and our USA company had its most successful year to date.

The Results of Pye Records showed further improvement, with The Brotherhood of Man and The Muppets scoring notable successes.

Other Interests

Property

Bentray Investments has made conspicuous progress and now ranks among the outstanding property-owning companies in the UK. Profits over the past three years have risen by no less than 45% and the valuation of Bentray's assets, recently completed by outside valuers, shows an increase of over £11 million in that period.

Theatrical Costumiers

Bermans & Nathans, our theatrical costumiers, has shown steady improvement with a continuing development of its export business.

Telephone Answering

Following the reorganisation at Ansafone, previous losses have been converted into a profit and we expect the current year to produce record results.

Insurance

The Marbarch Insurance Group is trading profitably and we plan considerable developments both at home and overseas.

Licensing

ATV Licensing made excellent progress in all fields and is one of our most rapidly expanding subsidiaries.

Copies of the Report and Accounts are available from The Secretary, Associated Communications Corporation Limited, 17 Great Cumberland Place, London W1A 1AG.

Associated Communications Corporation

WORLD TRADE NEWS

Hoechst wins contract for new plant in Soviet Union

BY DAVID SATTER

MOSCOW, Sept. 14.

THE WEST GERMAN company, Uhde, a wholly-owned subsidiary of Hoechst, signed a contract today worth an estimated *DM 200m to build a plant in* the Soviet Union to make polyester granolate, the base product in polyester fibre and filament production.

The plant is to be built in the big Soviet fibre production complex at Mogilev. Hoechst has already signed contracts for two polyester fibre plants in the area. One plant is in production and the other is being built.

The contract for the polyester granolate plant was signed with the Techmashimport Soviet foreign trade organisation and takes effect when a long-term bank to bank credit between the Soviet Bank for Foreign Trade and an as yet unspecified West German bank is finalised.

Under the terms of the contract, the plant is to be 85 per cent financed by the credit, with the balance in cash.

Work on the polyester granolate factory is to begin immediately under the supervision of West German specialists and production is expected to start in four years. The plant's annual capacity is to be slightly below 70,000 tonnes a year.

The contract was negotiated for more than two years and Uhde, which is based in Dortmund, defeated Japanese competition to get it. Uhde will be responsible for the engineering work, supply of equipment and construction, with the Soviet side providing the workforce and infrastructure.

A representative of the West German company said that considerable sub-contracting is anticipated.

The Soviets have taken steps to expand their polyester fibre production with the development of the Mogilev complex, east of Minsk in Byelorussia, and have sought the latest Western technology. The complex is to turn out fibre for the Soviet domestic economy—to be used principally for clothing and carpets.

A 70-STRONG group of German businessmen will visit the UK from September 18-22 to assess prospects for setting up manufacturing concerns in the UK. The visit has been arranged by Department of Industry's Invest in Britain Bureau together with RKW Nordrhein — Westfalen of Dusseldorf in collaboration with the German Chamber of Industry and Commerce, London.

Adrian Dicks writes in Bonn: Vereinigte Kesselwerke, a subsidiary of the Deutsche Babcock group, has secured a contract with the Soviet Union for the transfer of its thermal conditioning process for sewage. The contract is for construction and putting into service of the first plants. The German company expects that its process will later be adopted by all Comecon countries.

● West German plant construction company Escher Wyss has received a DM 150m order for components for two carton-making factories in the Soviet Union.

The factories, in Leningrad and Kiev, will have a production capacity of 720 tonnes a day by 1981.

Czechs urge West to buy more

BY PAUL LENDVAI

VIENNA, Sept. 14.

CZECHSLOVAK FOREIGN Trade minister Mr. Andreg Barczak publicly called for expanded and mutual advantageous *economic co-operation* with the West. Speaking at a press conference at the Brno engineering fair he complained that Czechoslovakia has so far signed only 35 relatively modest co-operation agreements with capitalist states. By contrast Czechoslovakia concluded more than 250 such agreements with its Comecon partners.

Only six per cent of the country's engineering exports went *to the West*, he added, partly because of short-sighted protectionist policies practised by the industrialised capitalist countres. However Czechoslovakia was seeking new forms *of economic co-operation* and was ready to open its economy to the world markets. There are 2,600 exhibitors from 29 countries participating at this traditional engineering fair.

Mr. Barczak revealed that in the *first two years of the* current five-year plan (1976-80) industrial output rose by more than 11 per cent with higher productivity accounting for 86 per cent of the increased production. Foreign trade turnover *increased* by 22 per cent in the past *two* years. In the first half of 1978 exports were up by 7.4 per cent and imports by 10.9 per cent.

But while purchases from other Comecon countries jumped by 15.4 per cent imports from the non-Socialist areas were up by only 3.9 per cent, he added. Earlier this week deputy Prime Minister Mr. Josef Simon when opening *the* fair said that Czechoslovakia's engineering is playing a key role in the economic development of the country, providing almost 20 per cent of the national income. Output of this important industry rose *in 1976-77* by 17.3 per cent compared to 1975.

IATA sees 8.7% growth in traffic

By Michael Donne

WORLD AIR transport will continue to be a growth industry for at least the next five years, according to the latest forecasts from the International Air Transport Association.

During 1978, international scheduled air passenger traffic is expected to grow at the rate of 10 per cent, while for the period up to 1983, the average annual increase is expected to be about 8.7 per cent. By 1983, international *scheduled* passenger traffic will be running at about 500bn passenger-kilometres flown each year.

Freight traffic forecasts show a growth for the IATA member-airlines of 11.9 per cent this year, and an average annual growth of 10.6 per cent up to 1983.

● Member-airlines of the IATA flying the North Atlantic carried in the first six months of this year 16.7 per cent more passengers than in the comparable period of 1977.

The total of nearly 5.3m included a 16.9 per cent rise in economy-class passengers, to 4.95m, stimulated by the widespread introduction of cheap fares, but there was also a rise of 14.1 per cent in first-class travel, to over 340,000.

Varig plans to expand fleet with new Jumbos

BY DIANA SMITH

RIO DE JANEIRO, Sept. 14.

BRAZIL'S MAJOR airline, Varig, will decide by November whether it will purchase new Douglas DC-10s, Boeing 747s or Lockheed Tri-Stars to expand its present fleet of 51 aircraft.

Currently, Varig operates 16 Boeing 707s, ten 737s, nine 727s, 12 Lockheed Electras (on the Rio-Sao Paulo Shuttle service) and four Douglas DC-10s, with 68 per cent of seats occupied on its flights, as an average.

Its 1977 net profit was $18.1m with *domestic* flights covering the $848,000 loss on international flights. This year's figures have improved. In the first half of 1978, net profit rose to $16.5m—85 per cent of the total 1977 profit.

Varig has been hit hard by the soaring cost of aviation fuel. Indeed, the airline finds it cheaper to refuel abroad—for instance at Kennedy Airport in New York, where kerosene costs 8 U.S. cents a gallon compared with 80 cents a *gallon* at Rio de Janeiro's Galeao airport.

The airline has not yet decided how many new jumbo-type aircraft it will buy in November. Its choice of manufacturer, it says, will depend on fuel savings per passenger carried and the financing conditions offered by Douglas, Boeing or Lockheed. Douglas may have the edge since, in 1974 it offered Varig the lowest interest rate on the airline's four new jumbos.

● The five firm orders given during last week's Farnborough Air Show brings total foreign sales of the Brazilian Bandeirante turbo-prop to 31 aircraft. With the recent approval granted by the U.S. federal aviation authority for commercial operation of the Bandeirante in the U.S., the outlook is now brighter for Embraer, the state-run manufacturers.

The Bandeirante, which can carry between 10 and 22 passengers, or up to 1,552 kg of cargo, sells for an average price of *$1.3m (including pilot* and mechanic training and spare parts).

U.S. Federal Aviation Authority approval—for which Embraer had been waiting for years—came after Aero Industries of Los Angeles placed a firm order for three Bandeirantes with an option to buy another nine earlier this summer. Embraer hopes that its potential U.S. market, in the *medium* term, could absorb at least 40 Bandeirantes.

Indian workers remit $1bn from Mideast

By Our Own Correspondent

NEW DELHI, Sept. 14.

INDIAN EMIGRANTS are estimated to have remitted home $1bn from the oil-rich countries of the Middle East in 1977. India thus ranked third among the 12 labour-exporting countries to the area, after Pakistan which earned $1.11bn in foreign exchange, and Egypt earning $1.03bn, according to an IMF survey.

Remittances from emigrant workers to India which stood at $235m in 1973, rose gradually to $297m in 1974, to $535m in 1975 and $713m in 1976. It is estimated that 2m migrant workers have moved to the Middle East since the 1973 oil price boom of which 214,000 are from India.

Greece firm to Japanese

BY OUR OWN CORRESPONDENT

ATHENS, Sept. 14.

GREECE TODAY informed Japan it will continue curbs on imports of Japanese products, intiated last June, unless it took serious measures to improve the trade imbalance between the two countries, including the granting to Greece of a $200m long-term, low-interest loan.

There has been no official announcement, but the Athens Chamber of Commerce has *stopped approving pro-forma* invoices for imports of Japanese products since June 23. Chamber of Commerce officials have said the measure was taken on orders from the Ministry of Commerce which is anxious to narrow the trade gap, running at a ratio of more than 16 to one in Japan's favour.

Greek imports from Japan last year exceeded $250m against exports to that country of less than $15m. Motor vehicles, whose import the Greek Government is trying to curb, are the main item on Greece's import list from Japan and have substantially increased in recent years, as have electrical appliances. On the other hand, Japan has been unable to absorb more Greek *tobacco*, the main export item to Japan.

Japan's Ambassador to Greece, Mr. Shigeru Tokuhisa, today called on Greek Foreign Minister George Rallis to discuss the matter. The Greek Foreign Minister told the Ambassador Greece's position remained unchanged.

Greece also wants the five largest Japanese companies established in Greece — Mitsui, Mitsubishi, Sumitomo, C. Itoh, and Marubeni—to guarantee they will double their imports from Greece in 1979.

Chinese crude oil offered to Turkey

By Metin Munir

ANKARA, Sept.

CRUDE OIL and petroleum ducts have been listed Chinese trade delegation among products which Peki repared to sell to Turkey.

China also offered to various machinery, agricu tools, chemicals, phamace raw materials, industrial and rice, according to a ment signed yesterday bet Turkish and Chinese officials after three days of

In exchange Turkey offer sell cotton, wheat, olive chromium and ferro chro borax, cast iron and unspe industrial products.

The meeting between Ch and Turkish represent comes on the eve of a vi Ankara, starting tomorrow, Soviet trade delegation.

The discussions with Russians—which will c trate on working out the of a trade accord between Minister Bulent Ecevit an Kremlin in Moscow last J are more important for T

The most crucial topics agenda are plans to exchan tons of Soviet crude o Turkish wheat.

It is interesting to no its political implications few days before Mr. Ecev left for Moscow, Chinese F *Minister Huang Hua* had Turkey. Both that visit a visit of the Chinese trade gation—which is still cont —are seen by political obs here as an effort by Pek expand its ties with A *whose relations with* M have been steadily improvi over a decade.

Reuter reports from A When the outline of the Turkish accord was ann in June, it was hailed as T first long-term trade deal a breakthrough in using T wheat surpluses to buy f

Turkey has had its secon harvest in two years, wi tonnes available for according to Gover officials.

There has been some c however, about whether th surplus can be maintai coming years. A cutback mean that some payments oil might mave to be p cash, putting a further str foreign exchange reserves

But the Soviet side is s officials to be willing to some flexibility on the part Turks.

In a second major step wheat in place of scarc reserves, Turkey reached ment with Iraq last month off its $300m oil debts i modity exports, includi tonnes of wheat spread o next three years.

U.S. boos exports to Mosco

By David Satter

MOSCOW, Sept

THE VALUE of U.S. exp the Soviet Union rose during the second quarter year as major Soviet purchases began to show the figures. U.S. com sources said that despite in U.S.-Soviet relations, grain purchases and deliv U.S. oil and gas equipment continue to push up th U.S. export totals to well the 1977 figure.

Six month trade released by the U.S. E show that U.S. exports first half of 1978 had a v $1.522bn, a 45 per cent over the value of exports first six months last year.

More than half of th attributable to $770.9m w U.S. agricultural exports in the second quarter Soviets purchased 14.8m of grain from the U.S. year to September follow year's disappointing Although the 1978 har expected to be good, the in 1978-79 are expected 11m tonnes of grain to he livestock.

Meanwhile, oil and gas ment and plant sales are ing a boom and contracts more than $200m have signed in this area so year, making it likely th non-agricultural exports totalled $266.9m during half of this year, a 24 p drop from the comparab *level, will exceed last* levels by the end of the

U.S. exports for 1977 value of only $1.623bn, a cant drop from the 197 export value which was $

EAST EUROPEAN INTEGRATION

Bringing rail transport into line

BY CHRISTOPHER BOBINSKI IN WARSAW

THE DIFFERENCE between the wide 1,520 mm gauge Soviet railway network and the standard 1,435 mm gauge of the other rail systems of Eastern Europe has long been a major obstacle to the closer integration of rail transport within Comecon. Hitherto all rail traffic between the Soviet Union and its Comecon partners has involved expensive transhipment at the Soviet frontier.

The first breach in this obstacle was decided in May 1976 when Poland and the Soviet Union agreed on the construction of a 397 km long broad gauge line from the Soviet border at Hrubieszow to the new Huta Katowice steelworks in South West Poland.

The first 100 kms of the new line has just been completed and it is planned to lay another 100 kms of track by the end of the year, taking the new line as far as Wola Baranowska. This would mean that from 1979 on Poland will be able to export high quality sulphur from deposits in the Wola area directly to the Soviet Union.

The new line, which is called the Sulphur and Steel Line is due for completion in 1981 and will use steam trains at first until *electrification is completed in* the following year.

Once the line is complete 4,000 and 5,000 ton trains will use it to carry iron ore and possibly grain to Huta Katowice in highly industrialised Silesia and take Polish coal, *sulphur* and machinery back to the Soviet Union.

Poland is heavily dependent on Soviet iron ore. It is expected to import 12m tons this year rising to 16.4m tons in 1980 and 21m tons in 1985. Much of the increase is due to the progressive expansion of the new integrated steel works at Huta Katowice and an unloading base with a capacity of 10m to 12m tons annually is being built at the Katowice terminal.

Polish sulphur exports on the other hand are also expected to rise *sharply from the 664,000 tons* exported in 1976, while the new line will also expedite coal exports from the fast developing Silesian basin.

Apart from the stimulus to Polish-Soviet trade expected to be *given by the new line it will also* save an estimated 170m Zlotys annually in transhipment charges.

Rolling stock will be owned by the Soviet Union which supplying track, sleepe some of the heavy equipn the site.

The 17bn Zloty project largest undertaken by the State Railways since th Some 226 Kms of the rou alongside existing trac 171 kms follows an entire course. Over 600 Kms o will be built together wi new bridges over rive *5,000 are presently emplo* constructing the new line.

The one aspect of the n which does not please Poles is that if ever the Union felt impelled to s troops into Poland in a *the new line could also* Soviet tanks into the h Poland's major industria non-stop.

HOME NEWS

Steel output could be lowest since 1967

BY ROY HODSON

[TH]E BRITISH Steel Corporation [is] likely to make less steel in [19]78-79 than in any year since [na]tionalisation in 1967.

Meanwhile, the projection of a [£4]00m loss made at the begin[ni]ng of the financial year [(£]443m in 1977-78) is now coming accepted within the [co]rporation as the estimate of likely losses.

The corporation has had a very [po]or first five months of the [fin]ancial year 1978-79 with steel [ou]tput a few percentage points [be]low the low levels of last year.

There is virtually no prospect [of] a better second half to the [ye]ar because of two factors: the [co]ntinuing world steel slump, [an]d the EEC restrictions on steel [pr]oduction.

Total liquid steel production [fo]r 1978-79 therefore looks like [to]talling about 17m tonnes com[pa]red with 17.4m tonnes last [ye]ar. The worst year in British [St]eel's history was 1975-76 when [liq]uid steel output fell 3m tonnes [to] 17.2m tonnes following the [di]sruption caused to world trade [by] the sharp oil price rises.

Figures published last night [by] British Steel and the British [In]dependent Steel Producers' [As]sociation show a 4 per cent [fa]ll in Britain's total steel pro[du]ction in the first eight months [of] this year compared with the [sa]me period in 1977.

Production was reduced to a very low level during August when, because of the low level of orders, three of British Steel's biggest works—Shotton, Port Talbot, and Llanwern—all closed for summer holidays.

Total British output averaged 270,200 tonnes a week in August which was 27 per cent below August, 1977.

The Brussels Commission is proposing to limit EEC crude steel production to 31m tonnes during the last quarter of the year as part of the steel management policy of Viscount Etienne Davignon, the Industrial Commissioner.

British Steel considers the restraint will have little or no affect upon its steelmaking programme because the corporation's policy of rolling steel to order is being governed by poor order books.

The market for steel is proving worse than EEC steelmakers were forecasting earlier in the year. If orders were the only factor British Steel would certainly be revising upwards by now its projection of financial losses for 1978-79.

But a new and positive factor has been introduced by British Steel's success in arranging closures of old and loss-making works during recent months.

With the closure of five big steelmaking works—Clyde Iron; Hartlepools; East Moors, Cardiff; Ebbw Vale; and Shelton—the corporation has been able to cut back manpower in iron and steelmaking within months by 17,000 jobs reducing the payroll to an all-time low of 189,000.

Negotiations are going on with the objective of closing two more steelmaking centres at Glengarnock, Scotland, and Bilston.

British Steel cannot yet be precise about the financial savings that will result from those closures in the current year. But they will be substantial and could be sufficient to peg actual losses to around the £400m projection.

The real savings from the current closures programme will become apparent next year, however, when some major items of new steelmaking plant are due to come into production.

Without the closures British Steel would have found itself with an embarrassing surplus of capacity in 1979 and the inevitability of even bigger financial losses through having to spread the available orders to othinly between too many works.

Nevertheless, some of the new capacity will become ready for use at a time when it is not needed. Sir Charles Villiers, chairman, will be examining the construction programme to see whether certain items of plant can be phased into production over a longer period, or even kept in "mothballs" to await an upturn in the market.

National Bus wins MPs' support for debt relief

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

NATIONAL BUS yesterday won strong backing from an all-party Commons committee in its long-running attempt to win relief from interest payments on capital debt and certain other non-operating expenses.

Another demand by the Select Committee on Nationalised Industries is for the Government to withdraw its plan to phase out, after 1981, the 50 per cent grants it pays towards the cost of new buses.

If implemented, the committee's recommendations would cost about £34m in a once-an-for-all payment and more than £60m each year from the date when grant for new buses ends.

The committee's report deals with innovations in rural bus services. But the MPs have taken the opportunity for what they regard as a preliminary statement on NBC pending a full-scale inquiry.

The committee considers that National Bus has been treated far less generously than British Rail, which has benefited from several capital write-downs.

National Bus paid interest of £12m last year on its commencing capital debt and on subsequent debt, incurred, in the committee's view, as a result of Government instructions to delay cutting uneconomical services.

The MPs also believe that National Bus should be allowed £12m compensation for being forced to take over London Country Bus from London Transport in 1970. This subsidiary has required heavy investment mainly because of the ageing state of its fleet.

These burdens would be considered for any business, the report says. For a bus operator, whose market has contracted sharply, and some of whose finance comes from other public funds, the situation was "almost unworkable."

According to the committee, National Bus has been set at a competitive disadvantage with other operators and has been forced to charge higher fares and operate fewer services.

The committee also thinks that disagreements between National Bus and some county councils over levels of country support for buses have been made worse by what one MP described as "a terrible merry-go-round of money."

Some counties have refused to meet NBC's subsidy requirements on the grounds that part of any contribution is absorbed into central debt financing. In 1977-79, nine counties contributed less than 60 per cent of the sum required.

National Bus immediately welcomed the report's financial recommendations. The company's financial structure was "unrelated to existing levels of service or operational efficiency," it declared.

On the working of community bus experiments, the report says that although some of these services lose small amounts of money and are unable to finance new vehicles, their losses should be tolerated in view of their social value.

Innovations in Rural Bus Services, S.O. £3.25.

Fork-lift makers face snag in France

BY LYNTON McLAIN

ATTEMPTS BY the French Government to stifle foreign competition in industrial trucks could hit Britain's first assault on the biggest growth sector of the French market. This emerged yesterday when the Matbro fork-lift truck company unveiled a new truck aimed at the French and UK markets.

On December 2, a decree from the French Industry Ministry will come into force imposing 11 design standards for industrial trucks sold in France. Most British, German and U.S. fork-lift and other industrial trucks have no hope of meeting all these standards, which have been imposed unilaterally by the French despite agreements between European industrial truck manufacturing associations and a draft design directive to the EEC from European makers.

The British Industrial Association and the German fork truck association have written to Sir Roy Donman, Director General of External Affairs at the European Commission calling for a three-year moratorium on the French plans. Protests have also been made by BITA to the Department of Industry.

Matbro, one of Britain's few independent fork-lift truck companies, with 5 per cent of the UK market, said its new truck was designed to attack French domination of the rough-terrain lift-truck market. The company has set up a French subsidiary—the first of its kind by a British lift truck company—to attack the French market through dealerships

One of the 11 design standards demanded by the French Government relates to the fuel tank construction. All industrial trucks sold in France after December 2 must have detachable fuel tanks. The new Matbro truck, costing between £13,000 and £17,000, was designed before the constraint on free European competition was imposed, and has its tank built into the frame.

Writ issued by Lloyd's syndicate

BY JOHN MOORE

A Lloyd's of London underwriting syndicate is suing 11 insurance companies for £800,000 on claims arising on a number of aviation reinsurance contracts. The syndicate is headed by Mr. Brian Stewart.

The insurance companies named in the writ, issued this week, are: the Mutual of Omaha, Ennia Insurance Company (UK), Terra Nova Insurance Company, Highlands Insurance Company, London and Edinburgh General Insurance Company, American Home Insurance Company, London and Hull Maritime Insurance Company, the Bishopsgate Insurance Company, Mentor Insurance Company (UK), Excess Insurance Company, and the Instituto de Resseguros do Brasil.

The last named—the Brazilian group—is already being sued by another Lloyd's syndicate, headed by Mr. Frederick Sasse, over $10m (£5.1m) worth of reinsurance claims on fire and damage to property reinsurance contracts. In this action the amount claimed against the group is small, only £3,600.

The largest claim in the action is against the Ennia Insurance Company which, it is alleged, owes £331,055.

The latest in a spate of legal disputes at Lloyd's arises on pilot's loss of licence business. If aircraft pilots lose their licences through disability or accident they are insured for a capital sum.

This business was initially placed with the Stewart syndicate by the aviation division of Minet Holdings, a publicly quoted Lloyd's insurance broker. Minet also arranged the reinsurance cover for the syndicate with the insurance companies named in the action between 1972 and 1976.

Formal avoidance of the claims was made a year ago by the companies on the grounds that certain aspects of the business had been mis-represented or not disclosed when it was placed with them.

Although there have been various attempts to arrange a compromise settlement on the reinsurance claims since formal avoidance was made, these have met with little success. Meanwhile the Stewart syndicate has been settling claims as they have fallen due.

Electronics workers call for inquiry

BY ROBIN REEVES

[E]MPLOYEES AT Callbuoy [El]ectronics—a company sup[po]rted by the Welsh Development [A]gency—are seeking alternative [fi]nancial backing to bring back [bu]siness.

They are also demanding a [pu]blic inquiry into the WDA's [ha]ndling of the company's diffi[cu]lties.

The Cwmbran-based concern [w]as last week placed in the [ha]nds of a receiver, at the end [of] a year which has seen two [in]jections of WDA financial aid [to]talling £125,000—and the start [of] a legal wrangle over owner[sh]ip of part of its assets.

But the company's 23 [e]mployees, including its tech[ni]cal director, are still firmly [co]nvinced that the business, [w]hich makes sophisticated radio [te]lephones, can be made viable.

They are blaming mismanage[m]ent by the WDA, among others, [fo]r the company's renewed [p]roblems.

In a petition circulated to the [S]ecretaries of State for Industry [an]d Wales, and the national and [lo]cal press, the employees have [ap]pealed for new financial aid or [v]enture capital.

They have also guaranteed [th]eir full co-operation with any [r]escue attempt.

Their criticism of the WDA is [ce]ntred on the agency's failure [to] exercise its option to place a [d]irector on the board of the [c]ompany when ITV first became [fi]nancially involved a year ago.

The WDA initially injected [£]100,000 into the company—[£]30,000 as a minority sharehold[in]g and £70,000 as a secured [lo]an.

Earlier this year, it made a [f]urther secured loan of £25,000 [b]ecause of the continued financial [d]ifficulties. The WDA is the [W]elsh equivalent of the National [E]nterprise board.

After taking this stake, WDA decided to recommend the employment of a business consultant for a temporary period at a salary, according to the employees, of £3,000 a month.

The consultant eventually decided the best route out of the company's difficulties was to sell off its marine division to the Brock Group of companies in Poole, Dorset, for £52,000.

This cash would almost certainly have carried Callbuoy over its immediate financial difficulties.

Te receiver was called in when the company was unable to meet bills totalling £27,000—but Brock chose to dispute the terms of the contract arguing that it was entitled to more than Callbuoy's description of the marine division, with the result that the company has still to receive the £52,000.

The dispute now promises to be the subject of a High Court action, which could take two years to resolve.

Coincidentally with this disputed sale, Callbuoy's majority shareholders, Steyning Securities, decided to sell its 70 per cent holding to the Blick Group of companies of Swindon.

But, evidently because of the ownership dispute, Blick did not put in its own management with the result that Callbuoy, according to the employees' spokesman, was left floundering.

The WDA said that despite endeavours by itself and the joint debenture holders, Barclays Bank, it had not been possible to make any satisfactory arrangement for alterantive backers for the company.

"The WDA, having already injected additional loan money into the company, has regrettably come to the conclusion, following a request from the company, it should join Barclays in appointing a receiver."

Agency bids for new investment

By Our Welsh Correspondent

THE WELSH Development Agency plans to assume a more aggressive posture in promoting industrial investment in Wales.

According to an investment strategy document published yesterday the Welsh equivalent of the National Enterprise Board believes that, over the next few months, it will be in a position increasingly to take the initiative in seeking out investment prospects.

"Some of these investment opportunities may come to light in the course of contacts with business, but others will be actively sought," the document says.

There will be liaison with research bodies, such as Cardiff University industry centre, on the development of new products, and with management consultants. The agency is also preparing a list of industries with apparent growth potential.

The strategy has four key elements—improving efficiency and competitiveness, encouraging expansion of existing industry, stimulating more inward investment and participating in new ventures.

Growth planned for chemical companies

CHEMICAL COMPANTES in the North-west are planning substantial expansion over the next four years, the Chemical Industries Association said yesterday.

Mr. Roger Nichols, chairman of the association's North-west branch, said a survey of 35 large chemical companies in the region suggested that the industry was the "bright spot" in the area's economy.

He said it was estimated that the 35 companies that took part in the survey, representing 70 per cent of all chemical manufacturers in the North-west had between them invested more than £500m during the past three years.

Re-Chem opponents can issue writ

BY OUR OWN CORRESPONDENT

LEGAL ACTION to try to force Re-Chem International to move its chemical disposal plant from New Inn, near Pontypool, has been given the go-ahead by Mr. Sam Silkin, the Attorney General.

After a two-week examination of the dossier, Mr. Silkin has given permission for a resident's group, the Panteg Environmental Protection Association, to take procedings against the company in the High Court.

A spokesman for the group said it would issue a writ alleging public nuisance before the District Office of the High Court in the next few weeks.

Re-Chem's Pontypool plant was at the centre of the public outcry earlier this year over plans to dispose of surplus U.S. stocks of the banned toxic insecticide, Kepone.

But a confrontation with opposition groups was avoided when means were found to dispose of the stocks in the U.S.

The residents still regard the plant's location as a serious planning error. They are pursuing their legal action with the aim of getting the plant moved to a more suitable site.

M42 in doubt after inspector's rebuff

BY MAURICE SAMUELSON

PLANS TO build the M42 motorway from Birmingham to Nottingham have been thrown in doubt by an inspector's refusal to approve a four-mile stretch at Water Orton.

In a highly unusual rebuff to a Government decision to build a road, the inspector, Mr. Hugh Gardner, wrote: "In the present climate, the 'mother knows best' approach is not generally acceptable."

His report, made public almost two years after it was signed, could result in 34 miles of the proposed M42 between Birmingham and Nottingham never being built. Only eight miles of the route—first planned in the mid-1960s—have been completed. The 17-mile Bromsgrove stretch is being challenged in the High Court.

Mr. John Horam, parliamenary under secretary at the Transport Department, said the Transport and Environment secretaries were deferring a decision on the Water Orton stretch until the whole of the Tamworth North section could be considered.

Transport 2000, a private body of anti M-way protesters, yesterday hailed the report, and the Government's decision, as a major victory.

Until the Leitch Committee report earlier this year, inspectors tended to bar objectors at local inquiries from questioning Government decisions on whether a road should be built. Although this has now been relaxted, Mr. Gardner's report predates this policy change.

Mr. Gardner was the inspector who ruled against Government plans to build the Chelmsford by pass for the A12.

Insulation grants for home owners

By Kevin Done, Energy Correspondent

THE GOVERNMENT has launched the latest part of its energy conservation scheme by offering grants totalling £250m over the next ten years to improve roof insulation in private homes.

Under the Homes Insulation Act 1978 private householders can apply from Monday to their local council offices for grants to help them insulate lofts, pipes and hot and cold water tanks. It is estimated that more than 5m private houses have no loft insulation.

The grant will cover up to two-thirds of the cost of insulation materials and labour, to a maximum of £50.

If 500,000 homes a year are insulated over the next 10 years, the Government estimates that fuel savings of up to 1m tons a year of oil equivalent will be saved after 10 years, worth about £70m annually.

About £15m has been set aside in the current year for the scheme and £25m a year will be available from 1979-80. The scheme complements a similar measure announced last December for council housing, which has been allocated £114m over the next four years.

'Enormous' plot over gold mine alleged

A PLOT to swindle investors by pretending that a gold mine in Canada was on the verge of making a fortune, was probably one of the biggest frauds planned in the world, Mr. Michael Worsley, prosecuting, alleged at the Old Bailey yesterday.

It did not succeed, he said, because police of Scotland Yard's organised crime squad stepped in.

"But it was enormous in its conception and planning," Mr. Worsley told the jury.

"The main plot concerned mining in Canada but another part related to the acquisition of aircraft in Europe."

The accused are: Richard Washington Swinnerton, 38, company director, of Allerton, Liverpool; Robert Papalia, 32, financial consultant of Milan and Nassau; Anthony Papalia, 32 (his twin brother), financial consultant, also of Nassau; Mario Berton, 41, financier, of Milan; Umberto Frascati, 35, bank manager, of Kensington; Mrs. Renata Sorrentino Harris, 49, a director of Marble Arch; and Veronique Vincente Madelaine Blot, 21, a clerk of Monaco and Kensington.

The accused have denied all the charges.

Mr. Worsley said the major part was a plot of clever confidence tricksters to swindle particular people as well as the investing public in England and elsewhere by getting them to invest in a company registered in Panama and later also in the Cayman Islands, called Metals Research SA.

The way people would be defrauded was through promoters who said the company was about to make immense profits from mining precious metals, particularly platinum and gold, near Vancouver, British Columbia.

"The Crown says that the scheme was thoroughly fraudulent and dishonest and no investor would ever have got a penny or a cent from any mining," he said. "The plan was to get the money and disappear."

Mr. Worsley said that quantities of precious metals could be found in British Columbia but not enough to be exploited on a commercial basis.

But it was represented that huge quantities of metals were there and that mining had started.

The organisation involved the creation of what seemed to be legitimate business enterprises. Banks were set up with premises in the West End and impressive advertising was prepared.

"If this fraud had succeeded the proceeds to the organisers would have been truly gigantic, in th eorder of hundreds of millions of dollars. No-one can put an exact figure on it," said Mr. Worsley.

Kirckman harpsichord fetches £9,000

IN A Phillips sale of musical instruments which totalled £60,855, Morley, a dealer, paid £9,000 for a rae single manual harpsichord by Jacob and Abraham Kirckman, London 1785 (estimated £8,444).

High prices were paid for violin bows—a collection of four by Sartory of Paris going for prices ranging from £700 to £1,600 each. Before the war the average price for these was about £5 apiece.

A pedal-driven model of a 1936 Austin Seven single-seater racing car was sold for £460, at a sale at the Bayswater branch of Phillips

Vintage and post-vintage cars totalled £15,300 and the entire sale, which included furniture, realised £44,200.

Sothebys held three minor auctions yesterday. At its Belgravia saleroom it disposed of European glass for £66,077, with a German buyer paying £1,200, plus the 10

SALEROOM

per cent buyers premium, for a Meissen clock case of the late 19th century and an Austrian bidder the same sum for a 42-piece Meissen tea service from the same period.

In Bond Street, silver sold for £33,354 with a top price of £900 from Nowell, a Somerset dealer, for a George III coffee pot. English watercolours sold for £20,014

A total of £36,964 was realised in the first day of Stanley Gibbons' two-day All World Stamp Auction.

NEWS ANALYSIS—TEXTILE TAKE-OVER TARGET

Big groups vie for little-known name

BY RHYS DAVID, TEXTILES CORRESPONDENT

OUTSIDE THE textile industry, and even within it, probably few people have come across J. Compton, Sons, and Webb. Yet in the past month, three of Britain's biggest textile groups, Vantona, Carrington Viyella, and Courtaulds (in ascending order of magnitude) have indicated their interest in acquiring the company.

Compton is a well run company operating in a highly specialised part of the market at a time when companies are looking for means of increasing their involvement in areas likely to remain beyond the grasp of imports.

Compton's speciality is uniforms, which it makes in 15 factories in England and Wales, employing a total of 3,500 people. In spite of the decline in the size of the Armed Forces and in the labour force of big uniform-wearing industries such as the railways, it remains an important growth area.

The growth lies with the increasing number of organisations in Britain that supply workers with uniforms, and from the greater frequency with which they are being supplied. Uniforms in some jobs have become fringe benefits rather than work clothing. In the Post Office, for instance, the postmans' grey suit has detachable badges, enabling it to be used as an everyday suit after work.

The company started on uniforms 130 years ago. Its range of military uniforms now includes nuclear, biological and chemical protective suits developed by the Ministry of Defence and issued to British and other NATO forces.

At the other end of the scale, Compton has the royal warrant as a manufacturer of ceremonial costumes such as those worn by the Yeomen of the Guard.

Exports

The company, valued at £11.9m in the Courtaulds offer, has also moved over recent years much more deeply into export markets. That is another reason why it has suddenly won the attention of its bigger textile brothers.

The British Commonwealth, through the Crown Agents, has been a traditional market, but to that has been added valuable contracts to supply Middle Eastern and African armies and government bodies. The company, which had a turnover of £18.5m last year, is expecting this year to export uniforms worth more than £5m.

The company might have continued happily on its own but for the intervention last month of Vantona, the Manchester-based clothing group.

Vantona is headed by David Alliance, born in Iran, and it is no secret that he believed that as part of his group, Compton would be able to expand its sales in the Middle East. Vantona, an important fabric producer, also saw opportunities to expand the use of lighter-weight fabrics within Compton.

After talks between Vantona and Compton broke down, Carrington Viyella, an even bigger fabric producer, made an offer, only to find its terms bettered by Courtaulds.

However, if the prospect of a link with Compton has been exciting the big Lancashire textile groups, on the other side of the Pennines developments have been viewed with some concern. Compton is a prominent buyer of Yorkshire cloth and fear has been expressed that a valuable outlet might be lost.

The Yorkshire industry's medium trade—cloths for the mass market—has been badly affected by the big reduction in manufacturing activity in some of the big tailoring groups such as Burton. Several Yorkshire groups, among them Allied Textiles and West Riding Woollen and Worsted (part of Coats, Paton) have established special subsidiaries to produce uniform cloths and other groups such as Illingworth, Morris, Parkland and ohn Foster also produce for that market.

There has been concern therefore that as part of a Lancashire group Compton might be persuaded to step up its use of Lancashire-type fabrics at the expense of wool, and that even if not, it will lose some independence.

Courtaulds has tried to anticipate some of those fears by emphasing the autonomy that Compton will have within the group. Compton is a decentralised organisation operating mainly small units, and Courtaulds says it can remain a separate entity with independent management.

Supply

Those assurances have clearly been important in persuading Compton's directors to recommend acceptance of the Courtaulds bid. Mr. Martin MacKay, Compton's managing director, said yesterday it had been assured that it could continue to operate an independent buying policy.

One reason why Compton is supporting the Courtauld's bid is the group's ability to supply it with a wide range of products it requires including, apart from fabric, such items as elastic, and narrow fabrics.

At the same time, in many of the warmer countries where Compton is directing its export effort, there is a requirement for lightweight fabrics, which Courtaulds, can also supply, although there would be opportunities for other suppliers.

With public services such as railways also expanding around the world, the demand for uniforms, it seems, can only go on growing. Britain, too, with low labour costs compared with other European countries, should in theory be able to win a substantial share. That is what Courtaulds clearly believes.

Bids and deals Page 26

COMPANY NOTICES

HOME NEWS

BL engineering side plans cuts in jobs

BY KENNETH GOODING

SP INDUSTRIES, the specialist engineering division of BL (formerly British Leyland) is to act decisively after a big drop in profits in the half-year to June. About 200 jobs are expected to go, involving some voluntary redundancy.

The number of jobs is down by 400 compared with last year's peak, and the proposed reduction will leave 13,400 employees.

Capital spending will be restricted. In the first half it was £3.8m below budget at £6.6m, partly because of cuts imposed by Mr. David Abell, managing director, partly because of delays.

Mr. Abell told employees: "We must carefully balance our resources against our sales performance in order that we start 1979 in the best possible shape to face another lean year.

"We have now drawn up new forecasts and I have set the companies strict tasks to improve profits, reduce overheads and trim capital expenditure in an attempt to salvage as much of the 1978 budget as possible. This must involve a cut in head count by natural wastage and voluntary redundancy."

SP, Britain's eighth largest engineering business, had sales for the six months of £113.2m compared with £103.2m in the first half of 1977. The profit before interest and tax was £5.9m against £9.3m and the budgeted £7.5m. Interest charges jumped from £2.3m to £3.6m, reflecting high capital expenditure last year and the current higher cost of money, so the pre-tax profits were down from £7m to £2.3m.

The big shock in the figures, issued to SP employees yesterday, was that Aveling Barford, SP's construction equipment division, incurred a loss of £200,000 in the half-year compared with a £2.9m profit before interest and tax in the same period last year. Turnover was roughly unchanged at £27.3m (£27m).

Cut-throat

Aveling Barford, which exports three quarters of its output, is experiencing particularly adverse market conditions exacerbated by low prices offered by U.S.-based competitors, Mr. Abell said. Production at the Grantham plant had been poor: 78 per cent of the planned output during the half year.

Prestcold, the commercial refrigeration subsidiary, which, with Aveling Barford, contributes half SP's turnover, was also affected by cut-throat pricing and a world-wide slump in demand. It also lost sales because of a 14-week strike at the David Scott plant in Scotland, the longest in its history.

Its sales for the six months slipped from £31.7m to £30.5m and the profit before interest and tax was £500,000 against £2.4m in the first half of 1977.

The good news comes from Coventry Climax, SP's forklift truck business, which is breaking records. For the first six months its sales jumped from £18.2m to £30.4m, but this year's total includes results from the Conveyancer forklift concern acquired from Rubery Owen.

Sales were below the £31.7m budget. However, profit before interest, at £3.2m, was above the budgeted £3m and compares with £1.4m in the first half of 1977.

Industrial disputes and poor production performance held back the Alvis military vehicle manufacturing branch while it has bulging order books. Sales in the half year were down from £20.8m to £18.1m, while profit before interest and tax slipped from £1.9m to £1.2m.

SP's two smaller subsidiaries, Self-Changing Gears and the Nuffield Press did well. The former's sales were up from £4m to £4.9m and profits from £500,000 to £800,000. Sales by Nuffield advanced from £1.9m to £2.3m and profits from £200,000 to £300,000.

Mr. Abell has told the management teams that the poor profits by Aveling Barford and Prestcold continued in the third quarter. Difficulties in the other subsidiaries means that profits will not achieve the 1977 level in the full year.

£1.36m grants for teaching factories

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT expects to plough £560,000 this year and £800.00 next year into its "teaching factory" scheme for improving manufacturing methods and training production executives.

The teaching factory is analogous to the teaching hospital where experienced practitioners, researchers and students work together on real-life problems.

Launched in 1976, in a bold attempt to bring the proven advantages of this method of medical training into production engineering, the scheme now extends to 18 UK manufacturing companies or groups.

Each chosen company collaborates with a nearby university or polytechnic department of production engineering, which seconds its best post-graduate students to carry out specific projects for industry.

Projects are mainly reorganising or modernising manufacturing facilities, redesigning products for more efficient manufacture and introducing advanced manufacturing methods.

The cost is borne equally by the Science Research Council, which initiated the scheme, and the Department of Industry, which helps to pick suitable "teaching factories." The scheme offers chosen companies free assistance to recruit skills industry often finds hard to come by.

By 1982-83 the Science Research Council expects the Government to be providing about £2m a year for its teaching companies.

Six more companies have been picked this year, bringing to 18 the number of industry-university partnerships established so far. The latest are: Yorkshire Imperial Metals (Leeds Polytechnic); Staveley Industries (University of Manchester Institute of Science and Technology); Rank Taylor Hobson (Leicester Polytechnic); Normalair-Garrett (Bath University); Zimmer Orthopaedic (University of Wales Institute of Science and Technology); and the Northern Ireland Development Agency on behalf of a consortium of companies (Northern Ireland Polytechnic).

Early projects, in which such companies as GEC Switchgear at Trafford Park and Platt Saco Lowell, the Lancashire textile machinery company, participated, have since been supplemented, so that they remain teaching companies.

The Science Research Council has appointed Dr. John Wallace, the motor engineering consultant and co-ordinator of the scheme since its inception, as its director.

Pension funds 'alarm'

Financial Times Reporter

THE GROWTH of the pension funds was probably "the biggest social revolution we have had in this country," Sir Harold Wilson, chairman of the Committee to Review the Functioning of Financial Institutions, said in London yesterday.

By the 1980s, Sir Harold said, the Stock Exchange could be of no more casual significance than an electric scoreboard at a cricket match. On present trends, the market would be dominated by a small number of institutions which would be buying shares in no more than a couple of hundred companies. Their decision to invest would be based entirely on past performance.

"I am worried about it, and my committee is worried about it," he added.

Sir Harold was speaking at the publication of a study sponsored by the Anglo-German Foundation for the Study of Industrial Society on savings and investments in the UK and West Germany. He said his committee had determined quite clearly that if there was a failure to invest enough in the UK, it was not due to a shortage of funds.

Feature, Page 26

Current account surplus shows £94m improvement

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of the balance of payments was in surplus by £87m in the June to August period, an improvement of £94m compared with the previous three months. The favourable movement included improved balances on trade in non-manufactured goods and chemicals.

The turnround would have been even larger but for a worsening of £89m in the balance on the more erratic items of trade.

The surplus on invisibles has declined from £320m to £261m.

The latest money and banking figures show that in the four weeks to mid-August sterling M3, the broadly defined money stock, including cash and current and seven-stock, including cash and current and seven-day bank deposit accounts, fell by 1 per cent on a seasonally adjusted basis. In the four months since mid-April it has risen by about 1¼ per cent.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1977										
August 17	276	59	0.3	−55	−1	—	−67	425	−257	−162
Sept. 21	523	817	4.1	810	730	1.8	171	395	−72	−93
Oct. 19	748	594	2.8	669	595	1.4	550	439	277	182
Nov. 16	481	325	1.5	438	296	0.7	97	226	388	355
Dec. 14	663	233	1.1	799	413	1.0	44	308	504	161
1978										
Jan. 18	−256	617	2.8	60	1,036	2.4	747	192	−349	254
Feb. 15	113	475	2.1	378	1,039	2.3	342	287	206	952
March 15	345	142	0.6	350	283	0.6	309	560	533	585
April 19	813	369	1.6	1,754	1,151	2.5	391	259	2,038	1,426
May 17	201	213	0.9	416	403	0.9	531	742	962	1,128
June 21	−309	−94	−0.4	204	144	0.3	650	544	524	315
July 19	769	415	1.7	941	520	1.1	1,015	568	648	114
August 16	122	3	—	−509	−494	−1.0	−170	256	−350	−276

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.
Source: Bank of England

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1976		25,424	29,013	109.8	105.7	99.3	−3,973
1977		32,182	33,891	118.9	107.1	100.7	−2,804
1976	1st	5,654	6,204	106.2	100.2	100.8	−947
	2nd	6,160	7,109	109.7	106.3	98.8	−968
	3rd	6,513	7,645	110.1	109.0	96.6	−1,358
	4th	7,097	8,055	113.4	107.1	98.2	−1,000
1977	1st	7,512	8,485	115.8	109.4	98.9	−800
	2nd	7,927	8,689	118.0	109.6	100.3	−745
	3rd	8,556	8,525	124.4	106.6	101.0	−602
	4th	8,187	8,192	117.6	102.7	102.4	−657
1978	1st	8,410	9,022	119.9	114.1	104.9	−646
	2nd	8,759	8,894	122.2	109.6	104.5	−420
1978	March	2,817	3,109	120.9	116.7	104.7	−209
	April	2,990	2,798	125.7	103.7	104.1	−149
	May	2,854	3,081	119.2	113.8	105.2	−155
	June	2,915	3,015	121.6	111.3	104.2	−116
	July	3,048	3,180	127.0	115.8	104.5	−229
	August	3,022	2,964	125.0	111.4	105.7	−107

* The ratio of export prices to import prices.
Source: Department of Trade

Work likely to star soon on new Heathrow terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority expects to start building next January a new £8m terminal at London's Heathrow Airport, designed to cater for short-haul passengers to and from near-Continental cities such as Brussels and Paris, and eventually also Amsterdam and others.

The terminal should be ready by the mid-1980s. Tenders for construction are now being sought.

The authority has now decided the building, originally to be called the Eurogate should be named the Eastern Terminal. It will be located on the main apron between the existing terminals One and Two.

The new terminal is not designed to raise the long-term passenger handling capacity of Heathrow — that is being done by the proposed new Terminal Four on the south side of the airport. Its purpose is to ease the strain on Terminals One and Two, used by British Airways and European short-haul airli by taking from them upw of 2m passengers a year.

The building will be li with Terminal One and Tw moving walkways and will its own lounges, check-in d buffet and bar, duty-free s toilets and baggage claim a

The authority's objective provide a better quality service on the high-volume s haul routes.

Delays to passengers in immigration hall and baggage reclaim at the long Terminal Three are still ceptable, says the Heathrow port Consultative Committe the watchdog body set up b Government. The comm says that even in January baggage from a conside number of flights was brought to the reclaim within the standard time minutes and on many flight first bag was delivered minutes after the aircraft reached its stand.

The Tory package —by Mrs. Thatcher

BY RHYS DAVID, NORTHERN CORRESPONDENT

TAX CUTS, law and order and education will form main planks in Conservative strategy for the next election, Mrs. Margaret Thatcher, Leader of the Opposition, told party workers in Stockport yesterday.

Mrs. Thatcher, who has been on a two-day tour of the north-west, emphasised the number of people who had stopped her to complain of the effect on take-home pay of high levels of taxation. "Even if people worked hard, they pay too much tax. People with extra skills must get extra rewards and extra work must not be nullified by higher tax," she said.

She has visited key marginals, including yesterday, Bolton, where Labour holds one with a majority of 906.

In Bolton she visited a factory and the town hall, she was cheered by 300 p

On law and order, Thatcher said crime ha creased much faster tha community's capacity th the police to deal with Conservatives would policet pay and return powers to magistrates for ing young offenders.

The Conservatives uniform education system would restore the direct school lists. All schools concentrate on developin standards and values of child, Mrs. Thatcher said.

NEB invests £500,000 in Energy Equipment

BY KEVIN DONE, ENERGY CORRESPONDENT

THE National Enterprise Board is to invest £500,000 in Energy Equipment, a company which specialises in fluidised bed combustion technology.

The Board is taking a 42.9 per cent interest in the company and is also making available a short-term bridging loan of £300,000.

So far this year, the NEB has invested about £31m in new business enterprises compared with £16m in the whole of last year.

Energy Equipment has developed fluid-bed technology for small to medium-sized boilers over a number of years and it is now commercially viable.

Mr. Harry Cross, chairman of the company, said the fluid-bed burners can use both coal and oil, and are applicable to types of shell and wate boilers.

This new form of comb technology has wide implic for energy conservation.

It makes the boilers u per cent more efficient more importantly this ga be maintained with the low-grade fuels giving redu in overall running costs of 20 per cent.

The NEB feels the co has considerable export po especially in countries wit estic supplies of low-grad which in the past has be usable.

Last year, Energy Equi had a turnover of £2.8m pre-tax profits of £60,000.

Fall in house building

BY JAMES McDONALD

THE HOUSEBUILDERS' Federation is blaming Government policy for the lower volume of private sector house building expected this year and next.

The Department of the Environment announced yesterday that returns made by builders in July suggested that they were expecting to start about 155,000 private sector houses and flats in Britain this year and about 135,000 next year.

The estimate for 1978 from an inquiry in March, say department, was 165,000 for this year.

These figures provoke angry response from the builders Federation last It said: "This revised pre for 1978 and 1979 refl marked and disturbing d the levels of househ confidence.

"This in turn, we fear, reflected in the number of starts over the next few m

Channel tunnel study

BY OUR TRANSPORT CORRESPONDENT

BRITISH RAIL'S Board decided yesterday to press for a more detailed study of the £500m to £600m rail-only channel tunnel plan it has drawn up jointly with French Railways.

French Railways is expected to reach a similar conclusion at a Board meeting late month.

Once the more detailed ning phase has been em upon, the two railways wi Government backing fo approach to the EEC for for a full-scale feasability

CONTRACTS

GEC group lands £4m deal for fertiliser handli

GEC MECHANICAL HANDLING, Melksham, Wilts, has been awarded a £4m contract by the Dutch-owned UKF Fertilisers group, for the supply of mechanical handling equipment for a new bulk store at UKF's nitrogenous fertilisers plant at Ince near Chester. UKF has started a £25m development at the plant to increase capacity from the 500,000 to 700,000 tonnes a year by the end of 1980. GEC's mechanical handling equipment for the new bulk store, which will be linked with the existing bagging plant, is expected to be installed by the first quarter of 1980. The nitrogenous fertilisers produced at Ince are used for all kinds of farming, including both grasses and cereals.

★

JAMES CLARK AND EATON has won a contract worth some £190,000 for design, manufacture and installation of glass units forming the ground floor entrance of the new 600 ft National Westminster Tower, Broad Street, London EC2. The order is for 18 tonnes of glass, includin plates measuring 9.5 b metres wide, said to be the l pieces of glass to have be duced in the UK. These plates, plus 10 slightly plates fitted above the e doors and a bulkhead, a 19 mm thick.

★

Valued at around £330,000, tract has been placed MARCONI MARINE (a Marconi Electronics compa BP Trading for the design, installation and commissio a complete telecommuni and entertainment system Buchan Oil Production Pl in the North Sea Oilfield.

★

GEC TRAFFIC AUTOMATI been awarded a £49,000 c to supply road traffic equipment for a flyover, built at the junction of t and the A130 at Chelmsford contractor is G. Percy Tren

REPORTS BY JOHN HUNT, IVOR OWEN, RUPERT CORNWELL & ELINOR GOODMAN

THE LIBERALS AT SOUTHPORT

Pact ultimatum on reform

BEFORE entering a new pact with either major party, the Liberals will insist on a clear-cut commitment pledging introduction of legislation switching Britain's electoral system to proportional representation.

Delegates decided on this uncompromising stand yesterday, despite warnings, in a debate on party strategy, that neither Labour nor the Conservatives are likely to accept such a pre-condition.

In a speech which won him a standing ovation, Mr. Cyril Smith, MP for Rochdale, declared bluntly that the Liberals should make it clear that they would have nothing to do with any other party except on their terms.

"Those terms are PR or no deal."

Mr. Smith, whose aggressive speech did more than anything else temporarily to cloak the assembly's dilemma over how to react to the appearance of Mr. Jeremy Thorpe, complained bitterly about damage caused to the party by recent publicity.

"We have done nothing of which to be ashamed. We are a party of decent, honest, hard-working, sincere, thinking people.

"We are not a bunch of incompetent criminals and we are sick of being painted as such by the British Press."

Mr. Smith, unsuccessful in his attempts to end the Lib-Lab pact a year ago, underlined his improved relationship with Mr. David Steel, the Liberal leader.

"We believe, I believe, that in David Steel we have the best, most honest, most courageous leader in British politics today."

After admitting his continuing dislike for pacts or coalitions, Mr. Smith said: "I will go a very long way to get PR."

But the first step must be to fight the coming general election on a broad front, with a clear independent policy.

Other delegates flatly opposed any new form of pact and a substantial minority showed their irritation when an attempt to delete a reference to a possible new Parliamentary agreement from the resolution setting out the strategy was declared to have been defeated on a show of hands.

Mrs. Phoebe Winch, West Dorset, echoed the view of Mrs. Margaret Thatcher, the Conservative leader, that no party could campaign for a hung Parliament. "To do so would be like training a horse to come third in the Grand National."

Mr. Stephen Pearson, candidate for Bradford West, took the same view, and expressed horror at the possibility of the Liberals being associated after the next general election with a Conservative government with the "most right-wing and most racist leadership since the Second World War."

Mrs. Claire Brooks, Liberal candidate for Skipton, maintained that the election of more Liberal MPs to the House of Commons offered the only road to power.

There should be no more Parliamentary pacts which gave others everything and the Liberals very little, and no co-operation with any political party until electoral reform was on the statute book.

Mr. Andrew Phillips, candidate for Saffron Waldon, was heckled when he urged the assembly to recognise that it might be necessary to enter into a pact with Mrs. Thatcher.

To suggest that she was too contentious and that her party was unworthy of support would not be regarded by the British public as mature or in the national interest.

Mr. Richard Wainwright, MP for Colne Valley, who moved the resolution on party strategy, claimed growing support among Conservative MPs for electoral reform.

He suggested that Mr. Edward Heath, the last Conservative Prime Minister, was among those now showing more enthusiasm for the classical Liberal view that, in a democracy, the people should be ruled not by industrial muscle but by the decision of the ascertained majority.

Mr. Wainwright said he believed that Mr. Heath had learned from his own punishing experience of having to govern on the basis of only minority support. He realised that a government headed by Mrs. Thatcher in similar circumstances would be equally powerless to carry its legislation beyond the statute book into real life.

Late arrival: Mr. Thorpe (right) arrives for the sanctions debate.

Nuclear breeder reactors

A COMMITMENT to build a new generation of fast breeder nuclear reactors could prove as damaging economically and environmentally as the development of Concorde, warned Mr. Paul Tyler, propective Liberal candidate for Bodmin.

He accused Mr. Anthony Wedgwood Benn, the Energy Secretary, and Mr. Michael Heseltine, the Conservative environment spokesman, of being at one in their determination to foist a total nuclear future on Britain.

Mr. Tyler, whose ecology resolution was approved, despite being criticised for being little more than a collection of empty cliches, described Mr. Benn and Mr. Heseltine as a "two-headed Goliath of energy policy."

It was deplorable that there was no likelihood of the well-informed U.S. debate on President Carter's energy policy being emulated here.

"If we remain silent, the moment to say 'stop' or even 'go slow' will be past before our politicians have begun to wake up to the issue's significance—exactly as it was with Concorde.

"The nuclear programme would just slip through, backed by that unholy alliance of big business money, trade union lobbying, Whitehall lethargy and the so-called persuasion of the party whips."

Today's agenda

- Referenda
- Unemployment
- Inflation
- Civilliberties

Defiant Thorpe wins only muted applause

BY ELINOR GOODMAN

MR. JEREMY THORPE was given a polite but by no means ecstatic reception by the party he led for ten years, when he finally appeared on the assembly platform in Southport yesterday.

His entrance followed an afternoon of mounting tension, during which delegates had been increasingly distracted by the rumours about Mr. Thorpe's imminent arrival

In the event, he stayed only 20 minutes, and the Liberals handled his undoubtely embarrassing appearance in a dignified but typically shambolic way. As Mr. Thorpe walked on to the platform, the chairman announced that he had a police message for one of the delegates.

When he left, there was an atmosphere of anti-climax and feelings, which had been pent up since delegates first started arriving here three days ago, were vented on Press.

Journalists were accused of behaving like vultures, and there were demands—rejected by the platform—for their eviction from the hall.

The question of whether Mr. Thorpe, who is facing serious criminal charges, would or would not attend the assembly has dominated this year's conference, despite the present leadership's attempts to focus attention on the party's policies.

Both Lord Evans, the party chairman, and its leader, Mr. David Steel, had told Mr. Thorpe that it would be against both his own interest and that of the party for him to attend.

Mr. Thorpe has maintained all along, however, that he has a right to represent his constituents at conference.

On hearing that Mr. Thorpe intended making his entrance at the end of the debate on party strategy, Mr. Steel left the stage and, with Clement Freud, escorted the former leader back on to the platform.

There were no walkouts, and the overt reaction of Mr. Thorpe's parliamentary colleagues was embarrassment rather than hostility.

Some delegates were already on their feet when Mr. Thorpe came onto the stage. When they realised what was happening, others rose to their feet, and, for about a minute, about half the delegates were standing up and clapping Mr. Thorpe.

But the ovation was much cooler than that which greeted him last year, after he resigned as leader, and it seemed as much a sign of defiance to the Press as it was a gesture of welcome.

For the next 20 minutes, he stared balefully out from the platform and fiddled with a pen, as a motion calling for an inquiry into Rhodesian sanctions was debated. Mr. Thorpe, who was stripped of his foreign affairs portfolio last week, took no active part of the debate.

Blockade payments complaint

IF BP and Shell supplied oil illegally to Rhodesia, in defiance of sanctions, then they should use some of the profits to repay the cost of the British Government's 12-year naval blockade. This idea came from Mr. Craig Lewis, parliamentary candidate for Gosport.

The assembly passed an emergency resolution demanding speedy establishment of a statutory tribunal with power to conduct a full and public inquiry into the allegations of sanction-busting.

This gives full backing to the similar call made by Mr. David Steel, the Liberal leader, earlier in the week.

The resolution expressed concern at disclosures that Labour and Conservative Governments had condoned the breaking of sanctions and reaffirmed the principle that no one is above the law "least of all those responsible for making it."

Mr. Lewis said that if it appeared that sanctions were broken deliberately, this would have had the effect of delaying a settlement of the Rhodesian question.

It now made it more likely that there would be a Communist take-over in that country.

If the oil companies were in breach of sanctions, he wanted to know why 76 ships, 24 auxiliaries and 24,000 men had been employed in the blockade at a cost of £200m.

Moving the resolution, Mr. Ian Blair, prospective candidate for Abingdon, said that if sanctions had been broken then the country wanted to know why the Navy had been used to play "silly beggars" off the coast of Mozambique.

Switch to indirect tax wanted

THE LIBERALS will go to the next general election with proposals for a major switch from direct to indirect taxation. They want the basic rate of income tax reduced to 20p in the £ and the top rate to 50p.

They also want a tax credit system which would sweep away the present method of social security payments. Wage earners would then receive a rebate or pay tax, depending on whether they were above or below an adequate minimum income level.

Under the programme adopted yesterday, National Insurance contributions would be replaced by a payroll tax. This would be levied at a lower rate in areas of high unemployment, to encourage creation of jobs.

"It gives us a platform on which to go out and fight the next general election, whenever it comes," said Mr. John Pardoe, the party's Treasury spokesman.

"The present British tax system is an affront to intelligent people. If it did not exist, no-one but a madman would invent it."

The proposals were drawn up by the party's tax panel after several years of intense argument over the correct line on taxation.

The package was endorsed by the assembly but a substantial minority strongly opposed the switch to indirect taxation.

Two attempts to amend the resolution were defeated but some suggestions in the amendments were incorporated in the final motion.

The resolution commits the party to a three-year programme of tax reform. This would also include deducting annual net savings from taxable income, a single rate of VAT, a new tax on the unimproved value of land other than agricultural land and indexation of the entire tax system.

'The British tax system is an affront to intelligent people. If it did not exist, no one but a madman would invent it.'

There were also proposals to reform capital taxation. Some delegates objected that these were tantamount to introduction of a stringent wealth tax.

Nevertheless, the final resolution included schemes for replacement of capital transfer tax by an accumulative accessions tax on people who received gifts or bequests, replacement of investment income surcharge with an annual tax on large capital accumulations and treatment of capital gains as income for tax purposes, after allowing for inflation.

Mr. Pardoe argued that we had a "grotesque, inefficient and anti-social tax system," because successive Tory and Labour governments had added their own ideological patchwork on a crumbling foundation.

It was a fallacy to suppose that the British Government raised more revenue than did foreign governments. The problem was not the amount of revenue but the way it was raised.

There were some cries of dissent as he declared: "Most people prefer to pay their taxes as they spend their money rather than as they earn it. Taxes on spending widen individual choice and that is a Liberal principle."

He warned that delegates should not fool themselves into believing that income tax was popular as a system of payment. "People don't like paying income tax. It is the most unpopular tax of all."

Mr. Pardoe said it was a myth that British income tax was progressive. It might look steep at top income levels but how many people actually paid 83p in the pound?

The higher rates were toned down by sophisticated allowances not available to the poor.

"This is a cynical manoeuvre and I hope it does not fool people in this party into believing that our present income tax is egalitarian. It is no such thing."

Mr. Pardoe described the tax credit plan as a "radical and sweeping reform, the greatest advance in the real social security of every British citizen since the Beveridge Scheme"

The move towards indirect taxation was, however, opposed by Mr. Basil Goldstone, former president of the party, who said it would mean that people would not know exactly how much they were paying in tax. This was a deep moral principle.

"It isn't honest to take tax in a way people don't understand and don't know. Let's have an honest taxation system.

"You should tax people according to their means and not according to their needs."

Another opponent of the resolution, Mr. John Morgan, prospective Parliamentary candidate for Winchester, declared: "It is not a basic Liberal policy This is the trimming on the cake and I think the baker has gone wrong."

He was against a single rate for VAT and also felt that the proposals on capital gains would be a positive discouragement to small businessmen.

'People don't like paying income tax. It is the most unpopular tax of all.'

The resolution was supported by Lord Banks, who urged delegates to campaign vigorously for the swift introduction of the tax credit scheme.

This view was also endorsed by Baroness Seear, who said that, under the present system, a person earning just over £40 a week could find himself paying a marginal rate of tax of 40 per cent.

LABOUR NEWS

SU men expected to carry on strike

By Arthur Smith, Midlands Correspondent

BL Cars' 32 rebel toolmakers are believed to have voted yesterday to continue their six-week unofficial stoppage.

Mr. Harvey Wright, spokesman for the strikers at SU Fuel Systems, refused last night to release details of a reply to be delivered today to the Birmingham headquarters of the Amalgamated Union of Engineering Workers.

The terms of the reply will be crucial to the future attitude of the Birmingham East district committee of the union which, in a conciliatory move, has lifted expulsion orders against the 32.

The committee has asked the men to return to work to allow union officials to pursue their case for improved differentials.

It is scheduled to meet next Tuesday, but is likely to explore all avenues for compromise before risking another emotive confrontation with the SU men.

Mr. Roy Fraser said last night that talks are planned with another unofficial BL body, the craft committee, which claims to represent 14,000 skilled workers. Common ground might be found to pursue the demand for improved differentials.

Mr. Michael Edwardes, the BL chairman yesterday reaffirmed that a special case could not be made for the striking toolmakers.

In a telex message to a group of businessmen who had offered to pay increases the toolroom men are seeking, Mr. Edwardes said such a special case would open the floodgates and lead to a "massive breakdown" in the company's pay parity programme. He thanked the group but declined the offer.

Public service workers claim £60 minimum

BY NICK GARNETT, LABOUR STAFF

A pay claim far outside the 5 per cent Phase Four limit was drawn up yesterday by the Transport and General Workers' Union for its public service members.

The claim, similar to that of the General and Municipal Workers' Union, includes a £60 minimum wage, 35-hour week and greatly improved fringe benefits.

It will be first adopted by negotiators for 1.1m local authority employees and will be used in pay talks for a further 300,000 public service manual workers.

The package was agreed by TGWU delegates representing ancillary health and water authority workers, ambulancemen and local authority manual workers.

It was coupled with a strong warning from national union officials that council workers were in a far tougher mood about the 5 per cent than they were over the 10 per cent Phase Three guidelines which they accepted.

Mr. Mick Martin, the Transport Workers' national secretary for public services, said "Our members have made it clear to me they cannot accept 5 per cent and are prepared to campaign and take action to secure a just and proper deal."

The target of a minimum wage of £60 represents an increase of more than £17 on the local authority minimum for the lowest grade including cleaners, lavatory attendants and messengers. There would be pro rata rises for other grades, the highest of which at £48.25 for 40 hours, covers specialist drivers, senior cooks, gardeners and other groups.

The claim also involves consolidation of £5 pay supplements, 35 hour week, four weeks leave instead of the standard three, improved shift rates, holiday and sick pay and earlier retirement.

Mr. Martin said many public sector workers had received assurances that their wages would be brought up to comparable earnings in private industry and the union wanted similar commitments for the low-paid.

STEWARDS URGE RESEARCH FOR FUTURE

Rig yard men's survival plan

BY OUR LABOUR STAFF

A STATE-BACKED research institute to identify trends in offshore technology and to keep UK maufacturing industry abreast of them is one of the proposals put to the Government over the past few months by shop stewards at Marathon's Clydebank oil rig yard, now facing redundancies at the end of this year.

The stewards yesterday set out details of their proposals and expressed anger that the Government should reject them and bring the yard into a new crisis.

Their spokesman, Mr. Jimmy Reid, a leader of the work-in at Upper Clyde Shipbuilders and prospective parliamentary Labour candidate for Dundee East, said that the stewards' plans dealt not just with their company's difficulties but contributed to the national interest.

The Scottish Office said yesterday that although the Government would "continue to do all it can" to get further orders for the yard, it was not prepared to place another speculative order.

After a speculative £13m rig order 18 months ago to rescue the company from closure, it was felt that substantial assistance had been given.

The Scottish Office praised the yard's industrial relations and delivery record, which suggested that further orders would be forthcoming. It said that the Government had taken steps to help Marathon to clinch another order and had offered to make aid available in respect of an Indian order.

Mr. Jimmy Reid: In the national interest

The shop steward's plan discussed at several meetings with Scottish Office Ministers, recommends that: the Government should place another speculative rig order at the yard, probably through the British National Oil Corporation; BNOC should enter a long-term contract with a North Sea drilling operator for a jack-up rig from Clydebank; the Government should in the short-term help to support surplus labour pending an order; the Government should finance nearly £1m of capital investment in the yard to improve its capacity, efficiency and ability to diversify into other oil-related construction, including platform modules.

In addition the stewards had suggested at a meeting in London last July that Lord Kearton, BNOC chairman, and three Government Ministers including Mr. Wedgwood Benn, the Energy Secretary, that the oil corporation should set up a research institute to see that UK industry was alerted to new trends in offshore technology.

Mr. Reid emphasised that the work force was anxious to diversify away from jack-up rigs so that the yard did not have "all its eggs in one basket."

Cowley £27 claim to be considered

AUSTIN MORRIS are to begin talks on a claim for a £27-a-week increase for the 6,500 manual workers at the Cowley car assembly plant.

Mr. Bobby Fryer, senior shop steward for the Transport and General Workers Union, said yesterday that the company had agreed to talks on September 20. He added that shop stewards had been prepared to urge a strike if the company had refused to hear the claim.

The claim would raise production workers' and craftsmen's pay to £100 a week, and the lowest rate to nearly £90 a week. It was approved at a mass meeting at the factory early yesterday called by the two senior shop stewards, Mr. Fryer and Mr. Doug Hobbs, convener for the AUEW.

Mr. Fryer said about 3,000 people attended and only one person had voted against the claim. The men are also seeking a 35-hour week, improved sick pay, higher pension contributions from the company, more holidays and consolidation of recent pay supplements into the premium rate, which determines overtime and shift pay.

The Cowley workers want the extra cash in November, when Leyland is due to introduce a common review of wage rates at its 36 car plants.

Although the company has agreed to hold talks it will be expected by the Government to settle within the Phase Four guide lines.

Firemen chase 42-hour week

BY PAULINE CLARK, LABOUR STAFF

HOPES OF averting another clash this November between firemen and their employers may rest on a series of independent recommendations for introducing the 42-hour week which were examined yesterday for the first time by local authority representatives.

This follows an executive meeting of the Fire Brigades Union on Wednesday, when union leaders discussed plans for securing implementation of the 42-hour week on their own recommended date of November 7 — with or without the employers' agreement.

The union says that about 50 per cent of Britain's 63 fire brigades are already prepared to introduce a cut in the firemen's working week from 48 to 42 hours.

However, it points out that those areas which have not agreed manning and other arrangements through local negotiations are likely to suffer from reduced fire cover if firemen refuse to work the extra six hours after the union's deadline is passed

An agreement in principle to introduce the 42-hour week was part of the settlement which ended the firemen's strike last winter. But since then the union has been angered at what it has called "delaying tactics" by the employers in negotiating terms for the change.

This week both sides received an independent third-party series of recommendations for solving the dispute from Prof. John Woods, chairman of the Central Arbitration Committee.

One of his chief recommendations was that both sides should [illegible] a deadline for introducing the shorter week. But the proposals are not binding on either the union or the employers and in any event seem likely to become a matter for further, possibly prolonged, negotiations.

The focus of contention between the two sides so far has been on the employers' demands for improved efficiency and cost effectiveness in the fire service with the cut in the working week.

They have proposed, for instance, a three-shift system using fewer firemen than under the old arrangement, more flexibility in varying manning levels at fire stations and more routine work when firemen are not actually attending fires.

The union has increasingly expressed impatience this year with what it believes are the defects in the local authority negotiating system.

CBI keeps watch on Phase 4 deals

By Ray Perman, Scottish Correspondent

PHASE FOUR pay settlements at 5 per cent or less monitored by the CBI now cover 100,000 workers, according to Richard Dixon, director of its social affairs department, which is responsible for industrial relations.

He said yesterday that it was still too early to judge how the new pay round would develop, but added: "Last year at this time I had my hands full fire-fighting, but this year the atmosphere is very different.

tunities for minority-run com-

"There is not a murmur about the 12-months rule—that seems to me completely accepted—and there is no word on hours."

On Wednesday, Mr. Denis Healey, the Chancellor, warned that price inflation would double by the end of next year if current pay claims of 20-30 per cent were met.

The settlements already made include some by big employers, including several in the engineering industry, but none on the pace-setting national bargaining groups.

Mr. Dixon added that some of those who had settled already might try to re-open negotiations if htere were a major break in the five per cent guideline.

Contracts warning

ABOUT 600 process workers involved in a pay dispute at the J.H. Fenner power transmission factory at Hull were warned by the company yesterday that if it broke the 5 per cent limit it could lose Government contracts.

Taxi drivers may join Whitehall

By Our Labour Staff

LONDON taxi drivers have threatened to jam Whitehall on Sunday afternoon when their Association delivers a petition for substantial fare increases to the Prime Minister.

Several thousand cabs may take part in the protest organised by the Licensed Taxi Drivers' Association.

The 17,000 licensed taxi drivers, whose fares are Government-controlled, asked for a 28 per cent increase 15 months ago to keep up with running costs.

Since an interim award of 10 per cent last December they have been waiting for publication of a Price Commission report on taxi services.

The report, completed last month and now with Mr. Roy Hattersley, Prices Secretary, is expected to be published at the end of this month.

Mr. Arnold Sandler, chairman of the drivers' association, said yesterday that he feared the 5 per cent pay guideline would be applied to their demands.

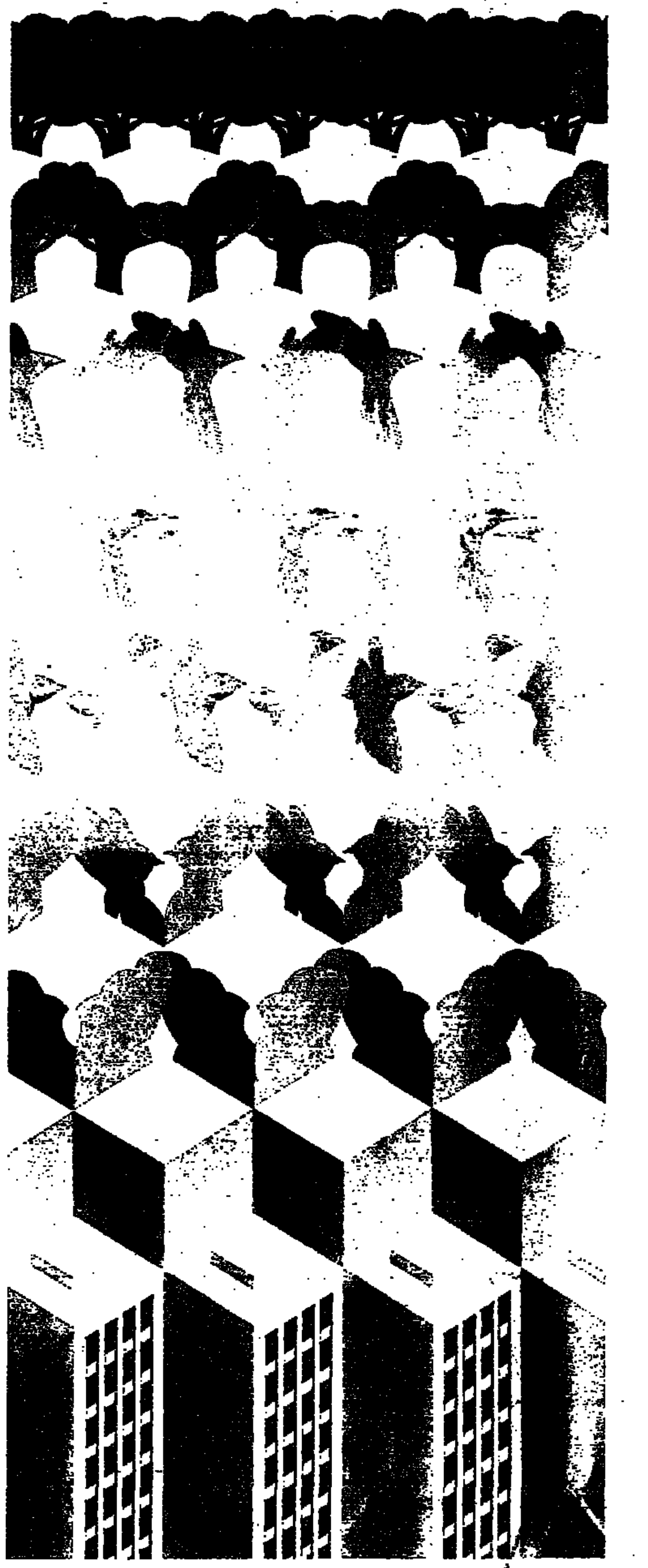
This would put many taxis off the road, he said. "Even now drivers risk losing their licences by refusing uneconomical journeys of four and five miles."

Labour given £50,000

THE Association of Scientific, Technical and Managerial Staffs has decided to send a first donation of £50,000 from its political fund to the Labour Party, "to strengthen the party in the run-up period to the general election."

"This is the largest-ever donation from a white-collar union to the Labour Party," Mr. Clive Jenkins, general secretary, said yesterday.

Earlier this week, the Amalgamated Union of Engineering Workers decided to give £100,000—a similar amount to the National Union of Mineworkers and the General and Municipal Workers.



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Major speed-up in assembly

INCREASED demand for the *Solder-Wrap discrete wiring* system has encouraged Prestwick Circuits of Ayr, Scotland, to take an 80 per cent interest in the process. The restructured and enlarged company, United Solder-Wrap Incorporated, will occupy a new facility in Dallas, Texas during October, 1978, so that the increased demand can be met. The upsurge has been caused largely by the shortage of design engineers and technicians and it has been described by the company as around 300 per cent.

Solder-Wrap speeds the conversion of logic diagrams to working circuit boards. Two-week cycle times are normal, and when coupled with the extensive documentation package which is a by-product of the data base, make a dramatic improvement in the productivity of scarce engineering resources. The patented numerically controlled Solder-Wrap system allows packaging densities normally associated with 10 layer multilayer boards in time scales 10 per cent that required by multilayers.

The documentation package includes *complete* pin, component, and net list locators, load/source analysis and list of parts.

An important feature is the ease of incorporating engineering changes in the development phase, during production and in field service.

This is achieved in a discrete wiring *system which allows* normal PCB spacing in a card frame, and hence does not detract from the high volumetric efficiency of high density packaging.

Software for driving the Solder-Wrap M-100 Machine can be loaded in in-house computers or can be run on a new micro based programming unit.

Prestwick Circuits is a major UK independent printed circuit house specialising in high technology boards utilising completely automated production from computer aided design to profiled board.

Meanwhile Pye Borders Electronics (Philips) holds the European marketing rights for Solder-Wrap.

United Solder-Wrap, 2608 Electronic Ln, Suite 509, Dallas, Texas 75220. U.S.

Ask the experts

A FREELANCE consortium combining the talents of professional electronic engineers and designers says it can offer a solution to the problem of finding an electronic consultant who knows his *subject* and can produce a good, well designed, cost-effective service or product.

This arrangement, says the group, gives several distinct advantages both to the members of the consortium and to customers.

Called Electronic Experts, it has design engineers in all fields—prototytpe facilities, printed circuits, design and production and *full production facilities.*

The consortium is at 19, London End, Beaconsfield, Bucks HP9 2HN (04946 71177).

● DATA PROCESSING

Local authority project

ICL, which has for years held the dominant position as a suppiler of computers to the local authorities, is making a determined bid to retain what some of its major competitors have described as a stranglehold in that area believed to be about 70 per cent by number.

It has entered into a project called LAFIS—Local Authority Financial Information System—together with the Department of the Environment and Oxfordshire County Council, *which will have* the advice, through a Project Review Committee, of such powerful organisations as LAMSAC, the local authorities managements services and computer committee.

Thinking behind the move takes into account the fact that local authority services now absorb about £15bn, which figure is expanding quickly. Any means of containing or even redu[cing] expenditure by streamlining [or] improving computer use [could] make a considerable impre[ssion] because of the size of the ex[pen]diture involved.

Systems developed will b[e] running on ICL's 2900 s[eries] machines, several of which [have] already been ordered by [local] authorities. Thus, while [the] project is at present backe[d by] a single authority, any b[etter] solutions which arise on *exploitation and manageme[nt of]* financial data in Oxfords[hire] could quickly find their way [to] other authorities and pro[bably] into many other large orga[nisa]tions in the UK and abroa[d].

It has already been decid[ed to] develop the software in sub[sets] to allow users to impleme[nt it] gradually.

ICL House, Putney, Lo[ndon] SW15. 01 788 7272.

Speeds the retrieval

IMAGE Systems is introducing a microfilm data storage and retrieval system—Campus.

It is designed to apply microfiche technology to current information and accounting systems as well as to the storage *of historic data.* Campus is a microfiche system with electronic control logic and a unique method of updating data on file. It is in effect a more flexible but less costly alternative to computer data storage.

Each operator has a store of microfiche with its own reader, a visual display unit and a keyboard linked to a central microprocessor. Up *to 750 microfiche* can be stored at each operator's position, representing 180,000 pages of information.

To find details of a particular item the operator keys in its first three letters for the microprocessor to call to the screen a list of microfiche frame numbers satisfying those initials.

Keying in the relevant microfiche frame number brings that *frame to the screen, all in under* four seconds. At the same time, on the VDU, is displayed whatever facts about that item have been added to the mic[ropro]cessor's memory since the [micro]fiche was last updated. [For] example the temporary exis[tence] of credit restrictions [on a] customer's account is inform[ation] for which the microfiche need never be altered.

Any number of micr[ofiche] reader units and micropro[cessor] key boards can be linked [to the] system and updating can be [done] from any selected keyboa[rd or] from all of them, as the [user] decides. Data can be d[eleted] from the memory just as ea[sily] that is when normal ere[dit is] restored or when the micr[ofiche] file itself has had permaner[t] information added.

The Campus method [gives] accounting and administ[rative] people up-to-the-minute in[forma]tion on their work. It also [means] that microfiche files ca[n be] amended with perm[anent] changes or additions of in[forma]tion on a less frequent [but] regularly planned basis, [reduc]ing the overall cost of ope[rating] the system.

Image Systems, Sta[tion] House, Church Way, Edg[ware,] Middx. 01-952 4435.

● INSTRUMENTS

Particularly suitable for investigation of machined metal components, this twin probe eddy current crack detector is shown in use on an aircraft wing. It is sensitive, reliable and easy to use and under normal conditions, applied to components with a good surface finish, it will reveal surface cracks down to 0.1mm. Where needed, the unit can be used to examine internal surfaces such as those of tubular bores and bolt holes. Teledictor, Coneygre Industrial Estate, Tipton, West Midlands DY4 8YB. 021 557 3056.

Finnish humidity meter

FAST-RESPONDING humidity sensors which enable relative humidity (RH) to be measured to 90 per cent of its final value *in less than one second* are available from Vaisala Oy of Helsinki, Finland.

Humicap sensing elements used are based on a thin-film capacitor whose dielectric absorbs and releases water vapour very rapidly. This element can be combined with either a portable or a panel-mounted indicator. The virtually linear output of 100 mV for 100 per cent RH is also brought out to terminals for onward transmission to a recorder, data-logger, control system or computer.

Proven applications include monitoring and automatic control of air-conditioning in factories, homes and offices; and environmental control in printing processes, food, paper and textile production, brewing and distilling, cold stores (including refrigerated ships) and hospitals (including incubators for premature babies).

Special probes incorporating the Humicap sensor have been developed for inserting between sheets of paper or into powdered and granular materials. The instrument may also be used as a *standard to calibrate other* humidity meters, such as hair hygrometers.

Vaisala Oy, PL26, SF 00421, Helsinki 42, Finland.

Voltmeter has its own micro

SERIES 6000, a microprocessor-based $6\frac{1}{2}$ digit digital voltmeter (DVM)—the first major product developed under the Racal-Dana name—incorporates measurement programmes which allow laboratory, production and systems users to perform, quickly and easily, a range of complex measurement tasks. It minimises systems hardware, and simplifies software.

This DVM is autoranging and uses the delayed dual slope integration technique. The entire measurement sequence—including processing and display—is controlled by a microprocessor programmed from a front panel *keyboard. It has five DC ranges* covering 100 microvolts to 1,000 V, resolutions up to 0.0001 per cent of range and accuracies up to 0.001 per cent. A 60 per cent overrange allows a maximum display of 1600000.

Racal-Dana operates from Duke Street, Windsor, Berks. SL41 SB.

Scopes are easy to use

ECONOMY and ease of use are the keynotes of the design of a new series of Telequipment oscilloscopes from Tektron[ix].

The company says tha[t the] specification is the result [of a] market survey to establis[h the] main customer requiremer[ts for] a low cost general purpo[se in]strument. The result is [four] models, all dual-trace w[ith a] single time base, a $10\times$ [8cm] display and five per cent [time] and voltage accuracy.

Known as the 1000 serie[s the] instruments offer a choi[ce of] bandwidth, with two 10 MH[z and] two 15 MHz models. *Mode[ls are]* available with 5mV and [...] sensitivity at 4 MHz.

The *number* of control[s has] been minimised and a full [range] of triggering facilities [in]corporated.

Reliability and ease of [main]tenance have been kept [to the] forefront: for example, a[ll] components have been [de]rated and the latest auto[matic] insertion and testing tech[niques] have been used to mi[nimise] human errors in productio[n].

The instruments measu[re ...] $\times 300 \times 420$ mm and weig[h ...]

More from the company [at PO] Box 69, Harpenden, [Herts] (05827 63141).

● MACHINE TOOLS

Tapping in most sizes

THREE SIZES are available of the new E series automatic tapping machines from Streicher. Between them, they can handle nuts from M.1.6 to M.20 in steel or M.24 in brass.

The basic configuration is a drive, workholding station and automatic feeder. Standard taps are fed pneumatically and reversed by means of electrical limit switches.

The drum feeder is powered by an independent motor; parts drop from the drum into a chute. At the bottom of the chute, the parts are axially and radially located, then pneumatically clamped. The axial clamping ensures that the parts are held at right-angles to the thread centre-line.

The smallest machine, the 1E, has a M.1.6 to M.6 (in steel) capacity and can handle parts up to 12.5mm diameter. Spindle speeds are 300/400 rev/min with 10-40 parts/min, the corresponding production rates. The largest has a capacity range of M.8 to M.24, spindle speeds of 200 to 1,200 rev/min and production rates from 5 to 25 parts/min.

All machines can be used for left- or right-hand threads in hexagonal, or ring nuts as well as formed, pressed or blank parts. Blind holes can also be tapped.

Elgar Machine Tool Company, Bec House, Victoria Road, London, NW10 6NY. 01-965 8911.

Commends the coolant

INVESTIGATIONS into the effect of wheel performance of changes wheel performance of changes in wheel speed, coolant dilution, metal removal rate and the degree of coolant filtration, when grinding certain hardened steels, have resulted in the publication of "Evaluation of cutting fluids for use with Amber Boron Nitride abrasives (L41)."

This eight-page booklet is the latest in the Diamond Information series and is available free from De Beers Industrial Diamond Division, Charters, Sunninghill, Ascot, Berkshire SL5 9PX (0990 23456).

● TRANSPORT

Battery outlasts cars

AC DELCO "Freedom" battery is completely maintenance-free and is available in two types, covering nine models, for commercial and light vans.

General Motors asserts it never needs topping-up with water, eliminates periodic checks and does away with cleaning due to water spillage or corrosion of the terminals.

New design and construction features, using different materials and internal chemistry, mean that in addition to its fit-and-forget characteristics the Freedom battery is more efficient, stays charged longer, is more resistant to damage from over-charging, heat or vibration and has a much greater design life than earlier lead-acid batteries.

Apart from this claim, that some European makers will contest, General Motors offers a lifespan of the order of 300,000 vehicle miles in service.

General Motors, Stag Lane, London NW9 0EH. 01-205 6541.

● SAFETY

An OK from Uncle Sam

THE AMERICAN Petroleum Institute has laid down critical international standards of acceptability for aircraft refuelling equipment, and meeting its criteria are the filter/separator units manufactured by Fram Industrial, Llantrisant, Pontyclun, Mid-Glamorgan, CF7 8YU (0443 223000).

The latest test programme was to API 1581 Group 2, Classes B and C and covered the units which are for horizontal applications in airport fuel storage facilities and refuelling [dis]pensers.

The same filter and sep[arator] cartridges employed in the [com]pany's vertical units can a[lso be] fitted to all other modern [filter/]separator vessels and, say[s the] company, they can even b[e used] in older designs when in[stalled] with a simple modification.

The latter provides a quic[k and] easy means of up-dating [refuel]ling facilities without cha[nging] the equipment to meet th[e in]creased flow requiremen[ts of] modern airports.

● MAINTENANCE

Keeps the oil flowing

REGARDING ITSELF as a troubleshooter and a solve-your-problem agency when it comes to emergency situations arising in breakdown of central heating systems, etc., in large complexes, such as hotels, factories, oil refineries, is BCB Pipefreezing Services (a member of the Gough Cooper Group), 2a, Boswell Road, Thornton Heath, Croydon, Surrey (01-689 6911).

The company was called in to alleviate BP Oil's recent headache at its Isle of Grain refinery when the failure of two gate valves threatened the shutting down of vital refinery processes.

Corroded by the sea water cooling medium, the gate mechanisms of the horizontally orientated 8 and 10 inch valves had failed to hold against mains pressure (maximum flow rate through these valves is 8 feet a second) and, following a site survey, BCB recommended that two ice-plugs be formed simultaneously to stop the sea water flow, as it had been proved that there was limited circulation through the closed valves.

Programmed into BPs pl[ant] maintenance schedule the pipe-freezing operation [was] carried out by two of its [tech]nicians while the oil com[pany's] craftsmen worked on th[e re]placement and removal [of the] valves. Once installed [the] freezing equipment was ren[...] the valves closed and th[e] plugs thawed.

Examination of the old [valves] immediately revealed the cause of failure—a 2[...] diameter hole had develop[ed in] the gate of the 10 inch [valve] whilst the 8 inch valve [was] heavily corroded around [the] gate seat.

The whole job took only [...] *to complete and, says th[e]* company, the alternative [would] have been to use the "ho[t tap]" method whereby a new [valve] would have had to be weld[ed to] the pipe below the valve fl[ange] and a by-pass established [to iso]late the valve from th[e] water flow. This would ha[ve ex]tended the work cycle ar[d en]tailed the use of addi[tional] labour and complex equip[ment].

صورة من الأصل

RADIO & TV

A turn-on to leisure

HOTEL RECEPTIONISTS, commissionaires in blocks of flats, and hotel porters up and down the country, may soon have an extra duty added to their daily rosters. This is promised following the installation in London's Marble Arch Holiday Inn of a fully-automated video system which is controlled by a microprocessor electronic logic programmer.

Linked directly to the existing CATV/MATV antenna on a building, and via its cable to each television receiver, the GEM system requires no conversion to the existing TV set, nor any special "black box."

National TV over air services continue to be received, but, depending on the number of "open" channels on the regular TV sets, individual installations may have from one to four of the systems' channels.

It is only restricted therefore by the number of 'open' channels available. In the UK the standard set contains five channel buttons: BBC1, BBC2, and ITV control only three—allowing two remaining channels for exploitation.

The system could, therefore, meet a number of varying requirements. Apart from day-long amusement for hotel clients, bed-patients and flat-dwellers, these could include education, special events, industrial and commercial training, and closed-circuit security surveillance.

More from GEN Communications, 22, Gilbert Street, London W1Y 1RJ (01-629 3441).

FINISHING

An end to spray hazards

IN ORDER to protect the 80 paint sprayers employed at Westland Aircraft's Yeovil headquarters in the manufacture of Lynx, Sea King and Commando helicopters, the company is using a Softcap system from 3M United Kingdom, PO Box 1, Bracknell, Berks RG12 1JU (0344 58256).

Spray mist contaminants, including the isocyanates present in polyurethane paints, are a constant hazard, and the danger is magnified when paint is being sprayed in the enclosed interior of a helicopter fuselage.

The new protection offered to operators consists of a lightweight plastic cap with detachable windowed shroud and a flexible breathing tube coupled with a filtered compressed air supply.

Air enters the cap by means of an air regulator valve which incorporates a silencer system. It then escapes upwards into the breathing zone to create a positive pressure which effectively seals off the wearer from any outside contamination.

Three types of paint are used for interior and exterior applications to the helicopters. These are acrylic, epoxy and polyurethane. Five spray guns, often operating simultaneously in the spray booth, apply a total of seven coats—four primers and three finishes. This is to protect the aircraft from the latent corrosive factors, particularly present in salt water environments.

On average, says the company, six working days are devoted to painting each aircraft, but operators work no longer than two hours in the spray booths, and then not continuously.

Protection improved

ICI HAS taken a licence from PPG Industries of Pittsburg, U.S., for their cathodic electrocoat paint technology. The new agreement will enable ICI to offer a complete paint system for pretreatment and electropaint which is the most advanced in the world.

PPG products will be available from ICI and its associates in the UK, Continental Western Europe and other territories. They will complement ICI's expertise in both anodic and cathodic electrocoating and wide experience in metal pretreatment on which the overall performance of the complete paint system depends.

ICI has the widest practical experience in operating electrocoat tanks using ion selective membrane control. This principle of tank pH control.

The main market initially will be the motor industry but cathodic electrocoating has wide application and is expected to extend into other industries where a high degree of corrosion-resistance is required.

ICI, Millbank, London SW1P 4GG. 01-834 4444.

PERIPHERALS

Advanced graphic devices

ULTRA-FINE details on a 25-inch screen, advanced colour presentation on a 13-inch specially designed shadowmask tube, and detailed high speed plotting on paper are offered in three new equipments put on the market by Tektronix, still claiming to be "number one" in the overall graphics display market in terms of supply to both end-users and OEM companies.

Inaugurated in 1946, the company did not introduce graphics into its range until 1968, since when there has been a 50 per cent annual growth rate in display devices to a turnover of $140m—about 25 per cent of the total company turnover. Apart from research, most of the units have been employed in circuit design, mechanical design, mapping, management reporting and banking.

The big new storage screen device, the 4016, permits even greater feats of display in terms of both detail and complexity of manipulation and there are some 12m addressable points on the screen—about 25 times that of a broadcast television picture.

Different local line drawing styles considerably reduce software overheads in producing quality graphs and engineering drawings. Programmable point plotting is a further enhancement, allowing limited image drawing ability. Commensurate fineness of character generation is built in, with four different hardware generated character sizes, the smallest of which allows more than 15,000 to be displayed at the same time.

The unit offers five line styles (dotted, dashed, etc.) and a number of built-in intelligence options including part picture expansion, programmable keys and symbols, circle generation (in addition to the usual vector manipulation) and line editing. Powerful local peripheral handling allows the user to digitise, store or plot data.

Colour terminal 4027 uses a delta gun 13-inch tube with longer persistence on red and green phosphors to produce a raster-based graphics display of crispness as yet unequalled.

Although some will still see colour as something of a luxury, the company believes the unit, with a basic price of about £6,000, will find application in process control, architectural design, plant and facilities layout and mapping.

Vectors, characters and symbols can be coloured almost at will and polygons, when drawn can then be filled with colour, these facilities all being vested in the firmware of the terminal.

Tektronix's third introduction is a flat bed plotter handling A2 paper with two solenoid operated pens that can be felt tip, ball point or wet ink types, allowing the unit to write on almost any material likely to be encountered. Vector plotting speed is between 16 and 22 inches/sec.

The plot head cross-hair can be positioned by a variable rate joystick, for page scaling or digitising adjustments.

Jobs are set up on the plotter using a plastic card which has notches on the edges that correspond with horizontal parameter rows across the card. The card is pushed in row by row, associated per-column switches being depressed to program the unit. The program can then be recalled within 90 days at a single key-stroke.

Three more of these sets of instructions can be stored optionally, so that four users can return to the plotter at different times and start work immediately.

All the new devices can, says the company, be made to work with virtually any computer.

More from Beaverton House, PO Box 69, Harpenden, Herts (05827 63141).

APPOINTMENTS

University of Lancaster

MANAGING DIRECTOR, ISCOL

- INTERNATIONAL SYSTEMS COMPANY OF LANCASTER (ISCOL) is the consulting and educational company of the Department of Systems (Professor P. B. Checkland). It organises all outside research, consulting and teaching projects with business, industry and government arising from the academic activities of the Department.

- HITHERTO, ISCOL has been run on a part-time basis. To accelerate future expansion, the University has decided that a full-time Managing Director is now needed.

- THE task is to seek, develop and control a growing portfolio of consultancy projects, maintaining a balance between overall profitability of the company and the fostering of original work in the Department.

- AN INDIVIDUAL of standing is required, able to negotiate at senior levels with a variety of organisations—personality and intellectual calibre must be acceptable as a contributing member of an academic community. The career background is not critical.

- SALARY negotiable in five figures.

Write in complete confidence to Dr. R. F. Tuckett as adviser to the University.

TYZACK & PARTNERS LTD

10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE • EDINBURGH EH2 4DN

INVESTMENT

An Assistant Manager is required by the Investment Department of a major Scottish Financial Institution in Glasgow.

Candidates (male or female) should be aged between 30 and 40 years with a strong general interest in financial matters. A working knowledge of stock market operations will be expected together with the ability to communicate to a high standard both orally and in writing with the private investor. Familiarity with investment analysis would be advantageous.

An attractive salary is offered and conditions of service are in line with those expected of a major Company.

Reply in writing to:

Box No. 48,
MCS/ROBERTSON & SCOTT,
23 Park Circus, Glasgow G3 6AS.

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

The £6m. ninety-one day Bills were issued today with maturity on the 14th December, 1978. Applications totalled £73m. The minimum price accepted was £97.76½. The average rate of discount was 8.9646%. The total Bills outstanding is £19m.

OXFORDSHIRE COUNTY COUNCIL

£6 million Bills issued 13th September, 1978, due 13th December, 1978, at 8¹³⁄₁₆%. Applications totalled £67½m. Bills outstanding £6m.

EDUCATIONAL

SPANISH INSTITUTE, 102, Eaton Square, S.W.1. Term starts on 2nd October. All level courses in Spanish Language and Culture. Shorthand. Audiovisual aids. "A" Level full time. Post-graduate course. "España Contemporánea." Spanish Commercial course. Full details 01-235 1485.

INTERNATIONAL APPOINTMENTS

PIA

1. ASSISTANT MANAGER OPERATIONS RESEARCH

EDUCATIONAL QUALIFICATIONS: Post Graduate Degree in Operations Research from a recognised University.

Candidates having basic degree in Engineering or Applied Mathematics or Statistics or M.B.A. shall be given preference.

EXPERIENCE: 5 years of post qualification experience in the areas of Material Management. Resources Allocation / Optimisation, Forecasting, Regression, Value Analysis and Mathematical Programming techniques.

SALARY: Rs 1,850-90-2,490 plus House Rent Rs 850/- per month and other usual allowances as admissable under the Corporation rules.

2. OPERATIONS RESEARCH OFFICER

EDUCATIONAL QUALIFICATIONS: Post Graduate degree in Operations Research from a recognised University.

Candidates having basic degree in Engineering or Applied Mathematics or Statistics or M.B.A. shall be given preference.

EXPERIENCE: 2 years of post qualification experience in the areas of Material Management, Resources Allocation / Optimisation, Forecasting, Regression, Value Analysis and Mathematical techniques.

SALARY: Rs 1,300-75-2,050 plus House Rent Rs 600/- per month and other usual allowances as admissible under the Corporation rules.

AGE FOR BOTH THE POSTS: NOT TO EXCEED 40 YEARS AS ON 1.6.1978 RELAXABLE TO 50 YEARS FOR EX-SERVICE PERSONNEL.

NOTE: It should be carefully noted that both the posts exist in Pakistan.

Application specifying the required particulars and nationality along with a recent passport-size photograph and copies of educational experience certificates should be sent to the Administrative Manager U.K. & Ireland, P.I.A., 120 Regent Street, London, W.1.

EUROPEAN TAXATION MANAGER

The European Headquarters of Hewlett-Packard Company, an American Electronics and Computer firm is seeking a qualified individual to act as European Taxation Manager based in Geneva, Switzerland.

Responsibilities include tax planning for all HP's European operations which interface with the Company's world headquarters in Palo Alto, California, tax audit, litigation responsibility, and supervision of the preparation of all European tax returns.

The ideal candidate has a law degree and/or an accountancy qualification, is familiar with British, German, and possibly French, Swiss and Italian tax systems. Good English, German and French is required.

This position is an integral part of HP's top European Management and as such requires an articulate individual who is able to understand and to explain complex tax inter-relationships.

Hewlett-Packard world-wide sales are well over a billion dollars nearly half of which is made outside the United States. 6,000 people work in our European organisation.

Please send your resumé to Mrs. Friedel Brunner, Personnel Manager, HEWLETT-PACKARD S.A., 7 rue du Bois du Lan, 1217 MEYRIN 2. All replies will be treated confidentially.

Enterprise in Brazil

For the attention of all readers in England and other countries. If you would like to avail of an interesting and lucrative opportunity of working for our overseas commerce department in São Paulo (Brazil), your knowledge and experience of "buying and selling of Enterprises/Factories/Farms/Marketing or any other business" is wanted. Please airmail complete details to the following address:

Organização Internacional de Advocacia
c/o Mr. J. B. Marcondes
Rua Cardoso de Almeida No 1, 384
Perdizes, São Paulo, Brazil. Cep. 05013

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

U.S. $ 25,000,000

SUMITOMO HEAVY INDUSTRIES, LTD.

(Incorporated with limited liability in Japan)

Guaranteed Floating Rate Notes Due 1983

Unconditionally guaranteed as to payment of principal and interest by

The Sumitomo Bank, Limited

(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes and Agent Bank Agreement between Sumitomo Heavy Industries, Ltd., The Sumitomo Bank, Limited and Citibank, N.A., dated March 7, 1978, notice is hereby given that the Rate of Interest has been fixed at 9⅝% p.a. and that the interest payable on the relevant Interest Payment Date, March 16, 1979, against Coupon No. 2 will be U.S. $48.71 and has been computed on the actual number of days elapsed (181) divided by 360.

September 15, 1978
By: Citibank, N.A., London, Agent Bank

CITIBANK

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 21st August, 1978, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 15th September, 1978, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION PER UNIT	5.00	CENTS
LESS 15% U.S. WITHHOLDING TAX	0.75	CENTS
	4.25	CENTS PER UNIT
CONVERTED at $1.945 =	2.1851	PENCE PER UNIT

Barclays Bank Limited.
Securities Services Department,
54 Lombard Street, EC3P 3AH

15th September, 1978

GREATERMANS STORES LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF FINAL ORDINARY DIVIDEND No 75

NOTICE IS HEREBY GIVEN that a final dividend of 15 (fifteen) cents per share (1977: 24 and a half cents), making a total of 20 (twenty) cents per share (1977: 36 cents), for the year ended 30th June, 1978, has been declared by the Board of Directors payable on the 16th December 1978 to Ordinary and "A" Ordinary Shareholders registered in the books of the company at the close of business on Friday, 17th November 1978.

The dividend is declared in South African currency and dividends payable from the London office will be paid in United Kingdom currency calculated at the rate of exchange ruling between rand and sterling on 1st December 1978.

Dividend cheques despatched from the London office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom income tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

The company will, where applicable, deduct the non-resident shareholders' tax of 15 per cent from dividends payable.

For the purpose of paying the above dividend the Ordinary and "A" Ordinary Share Registers will be closed from the 18th November 1978 to the 1st December 1978 both days inclusive.

Dividend cheques will be posted on or after the 15th December 1978.

By Order of the Board.
I. B. MEHL, Secretary.

Registered and Transfer Office:
220, Commissioner Street,
Johannesburg.
London Transfer Office:
Granby Registration Services,
Granby House,
95 Southwark Street,
London SE1 0JA.

BARLOW RAND LIMITED

PREFERENCE DIVIDEND NO 85

NOTICE IS HEREBY GIVEN that a preference dividend at the rate of 6% per annum for the half year ending 30 September, 1978 (amounting to six cents per preference share) has been declared payable to all preference shareholders registered at the close of business on 6 October, 1978.

The transfer books and register of preference shareholders will be closed from 7 to 18 October, 1978, both days inclusive.

Dividend warrants will be posted to shareholders on or about 31 October, 1978.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

a) Persons, other than companies, not ordinarily resident nor carrying on business in the Republic; and

b) Companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to shareholders, whose addresses in the preference shareholders' register are outside the Republic, at the rate of 13.49773 per cent.

By Order of the Board.
W. C. WARRINER.
Group Secretary.

Registered Office:
Barlow Park
Katherine Street
Sandton
2199
South Africa
Transfer Secretaries:
Rand Registrars Limited
2nd Floor, Devonshire House,
Braamfontein
2001
South Africa
15 September, 1978.

DE BEERS CONSOLIDATED MINES LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO.61

With reference to the notice of declaration of dividend advertised in the press on 23rd August, 1978, the following information is published for holders of share warrants to bearer.

The dividend of 20 cents per share was declared in South African currency. South African non-resident shareholders' tax at 3 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 17 cents per share.

The dividend on bearer shares will be paid on or after 27th October 1978 against surrender of coupon No. 61 detached from share warrants to bearer as under:

(a) At the office of the following continental paying agents:

Banque Rothschild,
21, Rue Laffitte,
Paris 9e.
Banque Bruxelles Lambert,
24 Avenue Marnix,
1040 Brussels, Belgium
Societe Generale de Banque,
3, Montagne du Parc
1000 Brussels
Credit Suisse,
Paradeplatz 8,
Zurich.
Union Bank of Switzerland,
Bahnhofstrasse 45,
Zurich.
Swiss Bank Corporation,
1, Aeschenvorstadt,
Basle 4002.
Banque Internationale a Luxembourg,
2 Boulevard Royal,
Luxembourg.

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged prior to 13th October, 1978, at the United Kingdom currency equivalent of the rand currency value of their dividend on 17th October, 1978 or:

(ii) in respect of coupons lodged during the period 13th October, 1978 to 18th October, 1978, both days inclusive, at the United Kingdom currency equivalent of the rand currency value of their dividend on 23rd October, 1978 or:

(iii) in respect of coupons lodged on or after 19th October, 1978 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments in United Kingdom currency in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 13.40 cents per share arrived at as under:

	South African Currency Cents Per Share
Amount of dividend declared	20.00
Less: South African non-resident Shareholders' tax at 15%	3.00
	17.00
Less: U.K. income tax at 18% on the gross amount of the dividend of 20 cents	3.60
	13.40

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. Greensmith

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
14th September, 1978.

NOTE:
The Company has been requested by the Commissioners of Inland Revenue to state: Under the double tax agreement between the United Kingdom and the Republic of South Africa the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18%, instead of at the basic rate of 33%, represents an allowance of credit at the rate of 15%.

AKTIEBOLAGET SVENSK EXPORTKREDIT

(Swedish Export Credit Corporation)

7½% NOTES 1983

S. G. WARBURG & CO. LTD announce that the fourth instalment of bonds for a nominal value of U.S. dollars 1,800,000 have been purchased for redemption on 15th October 1978.

U.S. dollars 17,800,000 nominal amount will remain outstanding after 15th October 1978.

30 Gresham Street,
London, EC2P 2EB.

15th September, 1978.

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that dividend No. 44 of 37 cents per share has been declared in South African currency payable to members registered in the books of the company at the close of business on 29th September 1978. The register of members will be closed from 30th September to 8th October 1978 inclusive, and dividend warrants will be posted on or about 2nd November, 1978.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the London Secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 30th September, 1978 on which foreign currency dealings are transacted.

Where applicable South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the London offices of the company.

By order of the Board.
RAND MINES LIMITED
Secretaries
per A. H. Knoesen.

Registered Office:
15th Floor
63 Fox Street,
Johannesburg 2001
(P.O. Box 62370,
Marshalltown 2107)

Office of the Company in the United Kingdom:
Charter Consolidated Limited
40 Holborn Viaduct
London EC1P 1AJ.

United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent. TN24 8EQ

14th September 1978

CAISSE NATIONALE DES TELECOMMUNICATIONS

6.75% 1967/196

LOAN OF $US30 000,000.00

We inform the bondholders that the 1st November 1978 repayment instalment of $US2,500,000 has been made by purchase on the market.

Amount outstanding $US14,000,000.

The Principal Paying Agent,
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
LUXEMBOURG

LEUMI INTERNATIONAL INVESTMENTS N.V.

U.S.$20,000,000 GUARANTEED FLOATING RATE NOTES 1984

The interest rate applicable to the above Notes in respect of the six-month period commencing September 15, 1978, has been fixed at 9⅝% per annum.

The interest amounting to U.S.$48.08 per bond of U.S.$1,000 nominal and to U.S.$480.78 per bond of U.S.$10,000 nominal will be paid on March 15, 1979, against presentation of coupon No 3.

BANK LEUMI TRUST COMPANY OF NEW YORK.
Principal Paying Agent.

LEUMI INTERNATIONAL INVESTMENTS N.V.

U.S.$30,000,000 GUARANTEED FLOATING RATE NOTES 1981

The interest rate applicable to the above Notes in respect of the six-month period commencing September 15, 1978, has been fixed at 9⅝% per annum.

The interest amounting to U.S.$48.08 per bond of U.S.$1,000 nominal and to U.S.$480.78 per bond of U.S.$10,000 nominal will be paid on March 15, 1979 against presentation of coupon No 5.

BANK LEUMI TRUST COMPANY OF NEW YORK.
Principal Paying Agent.

THE GREENCROFT ESTATE CO. LTD.

The above Company has declared a Dividend at the Rate of £2.04 per £10 Share, for the year ended 10th March, 1978.

Holders of Share Warrants are requested to present Dividend Coupon No. 46 at the Registered Office on 2nd October, 1978 when bearers will be paid the dividend due.

A. E. CHARLESWORTH, Secretary.
Registered Office:
21 Ellison Place,
Newcastle upon Tyne NE1 8XT.
6th September, 1978

THE SOUTH BRITISH INSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the transfer books of this Company will be closed from 5.00 p.m. on 16th October, 1978, to 9.00 a.m. on 4th November, 1978.

By Order of the Board.
R. E. PHILP.
General Manager for the United Kingdom.

INTERNATIONAL INVESTMENT TRUST COMPANY OF JERSEY LIMITED

NOTICE IS HEREBY GIVEN that the register of members of the above company will be closed from the 16th September, 1978, to the 29th September, 1978, both dates inclusive.

By Order of the Board.
For the Royal Trust Company of Canada (C.I.) Limited
Secretaries and Registrars.

The Property Market

The South Bank show

BY JOHN BRENNAN

LABOUR PARTY controlled Lambeth Council is the joker in the pack for Heron Corporation and Commercial Properties' £160m development plan for London's South Bank.

Lambeth wants to build housing on the land and has already issued notice of its intention to acquire the 16 acre South Bank site using its Community Land Act powers.

This political background throws a heavy shadow of doubt over the scheme, which Derek Stephenson and Partners, the architects, describe as an opportunity, "not only for the local community but also for London and the nation as a whole."

The Secretary of State for the Environment has granted Office Development Permits for the total of 1.2m square feet of offices on the site, and has couched his permission in a form that encompasses Stephenson's ideas for the whole area. The Greater London Council, freeholder of most of the land, is also now in favour of a mixed commercial and residential scheme. But as Lambeth appears hostile to commercial development even though its proposals for housebuilding would create fewer new homes than the Heron-Commercial scheme, the planning application submitted today could be only the overture to a protracted planning wrangle.

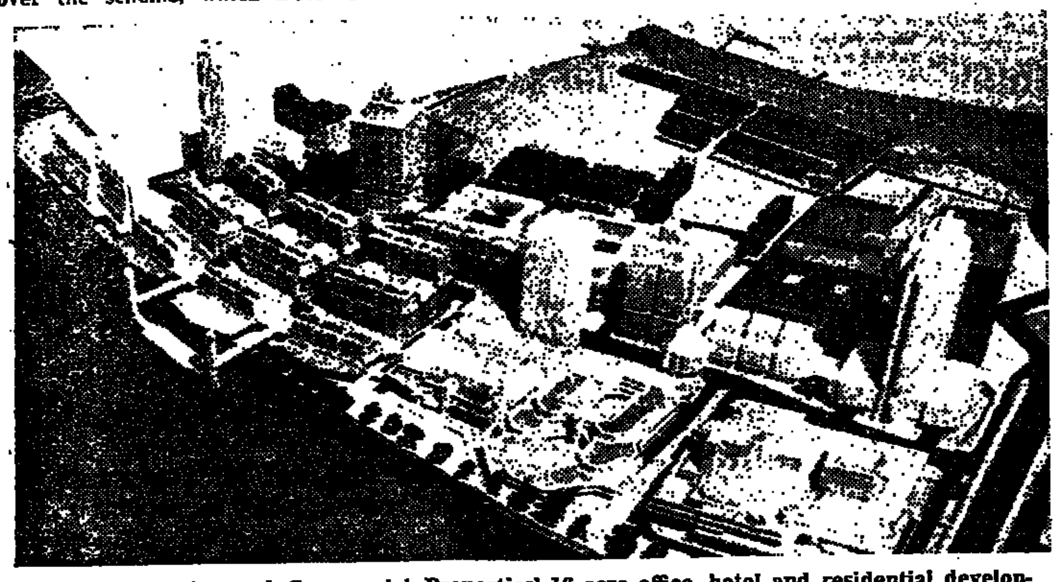
The scheme falls into two sections. Heron Corporation, with letting agent Richard Ellis, is proposing to build a 600 bedroom hotel (which received planning permission in 1974), some 400,000 square feet of offices, 28 private three-bedroom flats, a swimming pool and sports hall, and 200 local authority or housing association flats and maisonettes.

The rest of the scheme, under Commercial Properties, brings together land held leasehold from the GLC or freehold by the Vestey family Stock Conversion Investment Trust, the Prudential and Guardian Royal Assurance. On this side of the scheme, where Hampton and Partners are letting agents, a gross 700,000 sq feet of offices are proposed along with 162 river front flats and 54 small penthouse flats. This site, lying downstream from the National Theatre towards Blackfriars Bridge, involves river facing leisure facilities including cinemas, restaurants, theatre clubs and an extension of the river walk.

It is expected that the buildings would add an estimated £3.4m a year to Lambeth's rate income and £1.3m a year to Southwark's rates. The new housing would bring 1,608 residents to the area and the offices would have a day-time work force of 8,500. A further 1,000 jobs would be created in maintaining the buildings and the leisure facilities and that excludes the building workers needed during the decade-long construction period.

Planning difficulties aside, even at current construction prices the architects expect two schemes to cost around £180m to build. Neither developer has lined up finance for the work as yet. But the letting agents are clearly thinking of using the existing Shell Centre building as a focus for their marketing, and aiming at oil company occupants.

It remains to be seen if Lambeth will share the architect's enthusiasm.



Heron Corporation and Commercial Properties' 16 acre office, hotel and residential development scheme for London's South Bank. The scheme lies between Waterloo Bridge and the National Theatre (in the foreground) and the King's Reach development upstream by Blackfriars Bridge.

Brent's test case

THE LATEST round in the battle for the Neasden railway sidings went last week to the London Borough of Brent.

Brent floored British Rail's plans for a £12m freight complex and a 100,000 sq ft Tesco superstore on 40 acres of its Neasden land by refusing planning permission, and pressing ahead, with moves to acquire the whole 76 acre site using its Community Land Act powers.

British Rail is now likely to appeal against the council's decision. As the Secretary of State for the Environment can rule for or against individual elements of the application, one possible way out of this impasse would be to uphold the objections to the superstore—which is most fiercely resisted by the council—and to pass the freight complex scheme—which is rather less controversial locally, and which fits ideally into the Greater London Council's strategic plans for the capital's future transport requirements.

Without such a compromise Neasden could become a legal battlefield.

In a letter to Brent council from Kyle Stewart, the freight scheme's developer, British Rail agreed to the warning that, "if by chance provisions outlined in the Community Land Act were pursued the result would be . . . a battle with British Rail which could be seen as a test case by all other nationalised industries . . . (and result in) subsequent serious delays which could be measured in years rather than months. . . ."

A CLA purchase of the 76 acres at Neasden would certainly be the largest single use of the acquisition powers to date. And, apart from the complexities of agreeing a value for the site—is it unused scrubland, or a site for a freight complex/superstore?—the argument would certainly be seen as a test case by other land owning state industries.

Figures completed by the Department of the Environment show that, if Brent Council does not work out an amicable compromise with British Rail, the Neasden site would be one of the largest single acquisitions carried out under the CLA so far.

In the first two years of the scheme English councils have bought just £22m of land, £12m in 1976-77 and £10m in the last financial year. Sites acquired for private development in this period totalled 2,335 acres.

Of that total 1,170 acres were acquired for housing, and acres of these were subseque resold. Sites bought for dustrial development cov 1,140 acres, of which 30 a were resold. And just 25 a were purchased for comme developments, 5 of which been disposed of.

There is still a long way t before councils come clos tapping their full loan allocat for land purchase. Restric on the type of site that coul acquired prevented cou from coming close to the loan allocation available 1976-77, or the £32m earma for 1977-78. And it will take a few Neasden moves to close to the £64m available year. The £83m for 1979-80 the £102m voted for each of following two years assume the Prime Minister's ele gamble pays off as the Cons tive Party remains committ repeal the CLA.

In Brief . . .

CHRIS WALLS, property analyst of stockbrokers W. Greenwell, gives two and a-half cheers today for Jones Lang Wootton's recently published Property Index and yet another wooden spoon to the Hillier Parker-Investors Chronicle Rent Index. In an updated review of the current range of property indices, published this morning, Mr. Walls describes the JLW production as "by far the best index of property yet constructed."

His enthusiasm for the JLW index centres on its relative modesty. Unlike the HP-IC Rent Index, or the current form of the Economist Intelligence Unit and Michael Laurie and Partners Property Index, JLW did not attempt the impossible by trying to produce a view of the entire property market's performance. Nor did the agent attempt too seriously compare commercial property's performance with that of other investment media.

As first reported here last month, JLW simply created a hypothetical portfolio using actual properties bought by funds in each of the past 11 years. In that way it came close to creating a truely typical fund portfolio, warts and all.

Greenwell's reservations about the index are concentrated on the occasional areas where a desire to give the index greater use overcame caution, principally in the attempts to show that commercial property investments hold up well against equities and gilts. Looking at its comparison with the FT Actuaries 500 Index the broker notes that here we have a selective property portfolio worth £3m in 1967 and £94.3m in 1978 being compared with an unselective share index capitalised at £17.1bn in 1967 and £41.9bn in 1978.

As a guide to institutional property performance the JLW a comparison with equities or other investments it is, as Greenwell underlines and JLW admits, of very limited use.

Turning to the HP-IC Index, the broker once again attacks the thinking behind the production. Mr. Walls argues that the use of estimated rental values on a selected hypothetical portfolio to form the basis of the index means that, as in principle, there is no Index is an interesting aid. As reason for the rate of rack rental increase to bear any constant relationship with the rate of actual income growth on a portfolio, there is equally no reason for the index to bear any relation to anything beyond the HP-IC's own sliderules.

This dismissal of the HP-IC Index makes its use as a comparative tool in Greene, Belfield-Smith and Company's "Trends in Hotel Sales and Profits" rather suspect. But that apart, this survey, for institutional investors, provides an intere insight into the explosive gr of the hotel investment m in the past seven years.

The G.B-S review is based sample survey of 66 hotel varying sizes throughout country. The two to five hotels are shown to increased tariffs from 100 in to 242 last year. On the scale, profits increased to overall and to 240 in Londo

New hotels in that seven period made an overall p growth from 100 to 306, and 100 to 253 in London. O strength of that perform G.B-F argues the case for gr direct institutional investme hotels.

It's an interesting argu But even the best profits formance is unlikely to funds into what is traditic considered a "fashion" ind or into an area where the such a heavy element of ma ment.

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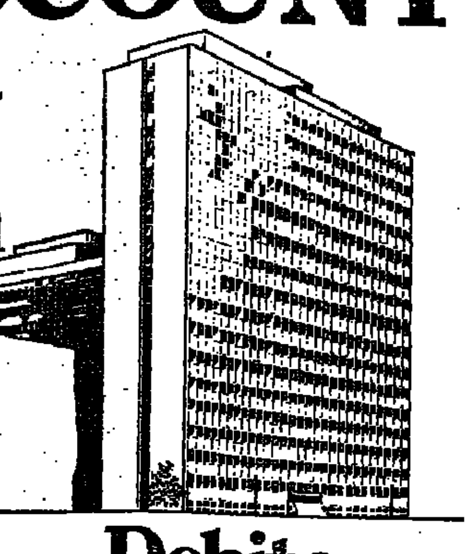

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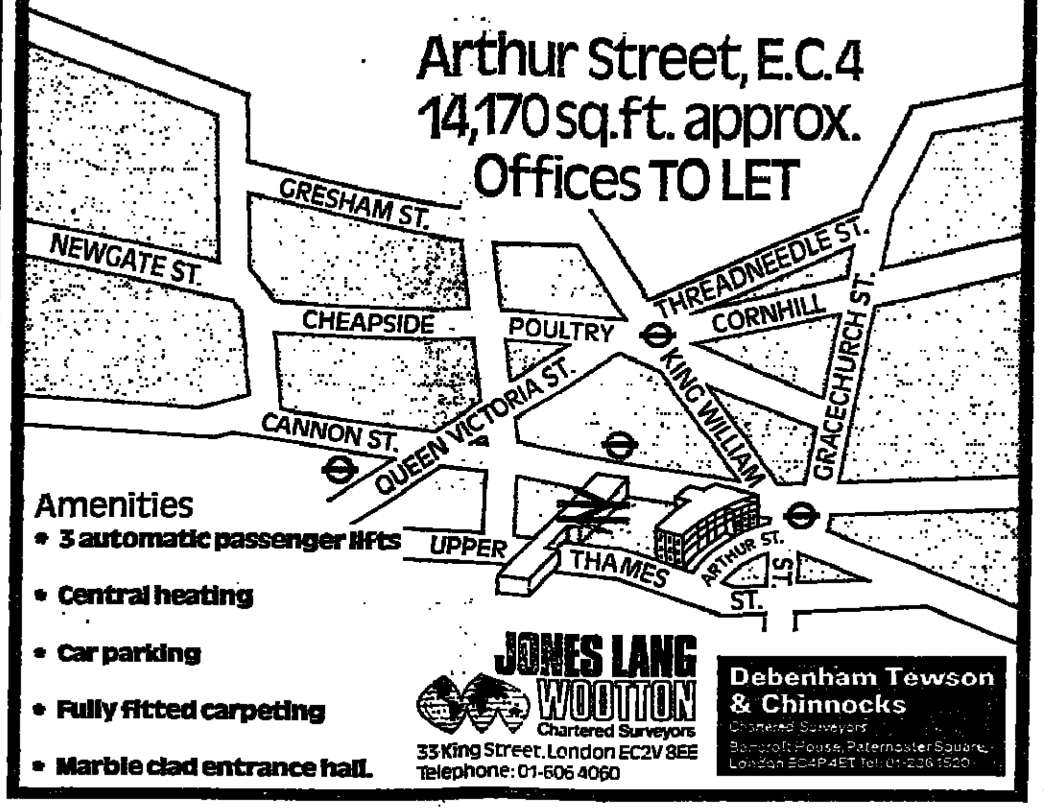

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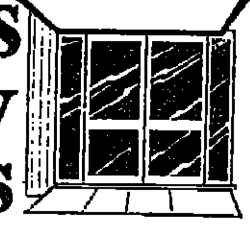

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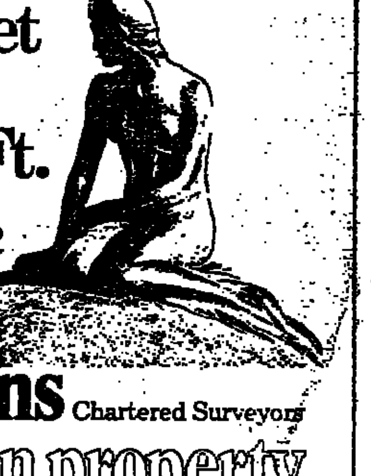

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APPOINTMENTS

Reorganisation at Aveling Barford

SP Industries has announced details of the Board for AVELING BARFORD HOLDINGS, the newly-formed holding company which now controls the five subsidiaries in SP's construction equipment operations.

Mr. David Abell, managing director of SP Industries, has been made non-executive chairman of Aveling Barford Holdings. Mr. Leslie Wharton, managing director of Aveling Barford Holdings, becomes chairman of the five subsidiary companies—Aveling Barfod Limited, Aveling Barford International, Aveling Marshall, Goodwin Barsby and Barfords of Belton. Also appointed to the Board are: Mr. John Brooks, managing director of Aveling Barford International and Mr. Graham Swetman, finance and planning director, Aveling Barford Holdings. Completing the six-man Board are the two latest appointments to the Aveling Barford Holdings management team. They are Mr. Ernie Watkin, technical director, and Mr. Alan Beazley, pesonnel director. Mr. Watkin was formerly technical director of Aveling Barford Ltd. Mr. Beazley was remuneration and staff policies manager of SP Industries.

A revised management structure comes into effect at Aveling Barford International, the sales member of Aveling Barford Holdings (formerly known as the SP Construction Equipment Division). Under the scheme Aveling Barford International will gradually assume responsibility for all parts and service from the various manufacturing operations within the holding company.

Mr. Jon Gifford, sales director of ABI, becomes operations director, sales and service, and in addition to his current responsibilities for UK and overseas sales, will ultimately control after-sales service for all products sold through ABI. Mr. Roger Lockwood has been made operations director—parts, joining ABI from Masey Ferguson (UK). In this new Board position he will be responsible for developing a centralised parts supply and marketing operation for Aveling Barford Holdings' products. Both report to Mr. Brooks.

The Board at Aveling Barford International now consists of: Mr. L. M. Wharton (chairman), Mr. D. J. Brooks (managing) Mr. E. B. Milliken (finance), Mr. J. M. Gifford (operations, sales and service), Mr. R. C. Lockwood (operations, parts), Mr. C. E. Banham (marketing), Mr. G. D. Swetman and Mr. I. B. McKinnon, non-executive.

*

Mr. D. Bruce Pattullo is to become deputy treasurer and general manager of the BANK OF SCOTLAND on November 1. Mr. Ian F. Brown, divisional general

Mr. D. B. Pattullo

manager, international division, Bank of Scotland, will succeed Mr. Pattullo as chief executive of the British Linen Bank, which is the merchant banking member of the Bank of Scotland group.

*

Mr. John R. Deasington, senior deputy chairman of LEIGH INTERESTS, is to retire early to devote more time to his other interests. He will act as a consultant to the company. Mrs. J. Agar, chairman, who is part-time, will take on certain additional executive responsibilities. Mr. Robert Eades, deputy chairman, who is also part-time, will become responsible for the car and merchanting divisions. Mr. Malcolm Wood has been made the senior full-time executive director within the group and is now chief executive, environmental division. Mr. C. E. Wilkinson has been appointed managing director of the Gibson Waste Company and also joins the environmental division Board.

*

Mr. Michael Thompson is to succeed Mr. Ivan Heath as deputy managing director of the WILLIAMS LEA GROUP. Mr. Heath, who has been a director of the group since its formation in 1964, will remain on the Board as a non-executive director and consultant. Mr. Thompson will continue as chairman of Williams Lea and Co., the City and financial printers, and mar director of Dolphin Pres group's specialist self-ad label printer.

*

Mr. Christopher J. Holme been appointed to the Boa THOMSON MAGAZINES as cial director. He was prev financial director of the trad technical publishing divisi the Thomson Organisation.

*

Mr. David A. Lewis is appointed to the new post of agriculturalist of the agricu division of IMPERIAL CHEM INDUSTRIES from October will be responsible for liaiso organisations involved in cultural research, technica advisory services, and thos cerned with the progress industry. Mr. Lewis will

Mr. David A. Lewis

determine the policy for IC cultural division's 2,000 he of commercial, developmer demonstration farms in Sor Cheshire, North Yorkshir Cleveland.

ICI states that the new ap ment further consolidate commitment to the con development of British a ture and its contribution national economy.

*

LEGAL AND GEN ASSURANCE SOCIETY is to the following manag changes from October 1.

Mr. Alan Firth, assistant g manager, pensions, is to b assistant general manager, national operations. He w succeeded in the pensions by Mr. Bill Sibly, at p assistant general manager, ment planning. Mr. M Kinsley, who is manager, ev will become manager, national operations.

The international oper division begins work on O 1. Headed by general m Mr. Joe Palmer, it will co-or the planning, liaison and c of the group's intern activities.

*

Mr. R. V. Judge has appointed an executive di of ARBUTHNOT EXPORT VICES, the export memb Arbuthnot Latham.

*

Three new senior vice-pres have been elected by PHILLIPS PETROLEUM PANY. They are: Mr. Rich Askew, formerly vice-presid Petrochemicals, Chemicals becomes senior vice-pres chemicals group. Mr. C. J. previously vice-president o and gas liquids natural res group, has been promot senior vice-president, n resources group. Mr. Wallace, formerly vice-pre plastics, chemicals group been made senior vice-pre and will report to the presid the company.

*

The Home Secretary appointed Dame Elizabeth royd as a member of the H RACE TOTALISATOR B for a further three years ning October 1.

*

EN-TOUT-CAS, a subsidia Crest Nicholson, has app four regional directors. The Mr. Dennis White, South Mr. Terry Beadnell, North Roman Orzel, Midland; Mr. Abbott, Scotland.

*

Mr. Richard S. Catterton J. G. Colin Gee and Mr. Lan Llewellyn have become president of CITIBANK'S na banking group in the UK.

*

Mr. Robert L. Lawson, chief accountant of CAW HOLDINGS, has also appointed group secretary in of Mr. N. E. Fullwood, wh retired from his executive tions but continues as a executive director of the ho company. Mr. Neville H. and Mr. Peter J. B. Haslam been elected to the boar Cawoods Fuel Oils. Mr. is in charge of industrial in the fuel oil division, and Haslam is responsible for division's authorised distri section and oil recovery lubricants blending business

The Management Page

EDITED BY CHRISTOPHER LORENZ

The politician who broke the rules by quitting government for banking

BY JONATHAN CARR

‑ West Germany it is highly ınusual for a leading politician switch to a top management ·b in private business or ıdustry; it is just as rare for manager to move the other ay. No one regrets this more ıan does the most striking ·ception to this general rule, r. Hans Friderichs—Federal ·onomics Minister until last ıtumn, member of the execu-·ve Board of the Dresdner ınk since January and spokesman" (chairman) since ay.

In his Frankfurt office, Dr. riderichs gave his views on the ·oblems — and pleasures — of ·aking the change. While ·ppearing confident and ·laxed; he has lost none of the ·ste for blunt speaking which ·ought him widespread admira-·on during his five years of ·inisterial office, but which ·so ruffled many feathers. ·hen he announced he was ·epping down he had to face ·rong criticism from two ·larters—from political col-·agues who grumbled that he ·is deserting his liberal Free ·emocratic Party (FDP) and ·e Government at a particu-·rly tough moment, and from ·me established bankers who, ·be frank, looked on him as ·mething of an interloper.

Dr. Friderichs notes some-·hat wryly that initial comment ·his decisions was directed ·ore at the size of his future ·lary (much higher than a ·inister's) than at the change ·occupation in itself. He freely ·mits that he had no previous ·ofessional experience in pri-·te banking—though many of ·e problems he faces as chair-·an of the Dresdner are similar ·origin to those he dealt with ·Bonn. Further, he succeeds a ·ın widely recognised to have ·en one of the most outstand-·g, many-sided bankers of his ·ne, Herr Juergen Ponto, who ·ıs shot dead by terrorists last ·mmer. Dr. Friderichs, second ·none in his admiration for ·rr Ponto, is well aware of ·e difficulties.

But when all that has been ·id, he points out: "If I had ·ken the same step in America ·der the same conditions it ·uld certainly have been com-·ented upon differently." There ·nply was no tradition in Ger-·ıny of managerial movement ·tween politics and the private

HIS DETRACTORS call him self-willed; one has termed him a "career acrobat." What is certain is that Dr. Hans Friderichs has a strong will, a somewhat abrasive personality—and has hardly put a foot wrong on a zig-zag course to the top.

Born the son of a doctor in Wittlich, north of the Mosel, on October 16, 1931, he joined the Christian Democrat (CDU) youth movement while still a student—but found it not to his taste and switched to the liberal Free Democrats (FDP). There he caught the eye of Herr Hans-Dietrich Genscher—who he succeeded in the mid-1960s as the party's national executive secretary.

Yet just as the FDP was on the brink of forming an alliance in Bonn with the Social Democrats (SDP)—a coalition which exists to this day—Dr. Friderich went back to his home state of Rhineland Palatinate and joined a local FDP alliance with the CDU.

Those who suggested he had condemned himself to the provinces were proved wrong. He turned down one offer from Bonn to become State Secretary for Economics—only to take over in 1972 as Economics Minister, a post he held for five years. Under his authority work began on a comprehensive energy programme for West Germany—*even* before the oil crisis emerged in late 1973. And his period of office was marked not least by his many visits to OPEC capitals—often accompanied by German businessmen looking (generally with success) for orders.

A polished speaker and clear thinker, he has very often used his eloquence in strong defence of the free market economy. His dedication to that principle never seems to have wavered whatever the political constellation in which he worked. The announcement last autumn of his appointment to the Dresdner Bank came to many as a surprise—it should probable not have done so. His speech at the memorial service in August last year for the murdered chairman of the bank, Herr Juergen Ponto, displayed a quite unusual sensitivity towards both the man and the institution.

Close contacts with Chinese leaders—the benefits a top ex-politician like Dr. Hans Friderichs (centre) can bring to the commercial world.

sector of the economy — and during his time as Minister he had constantly been urging a change in attitude. He is adamant about the consequences for the country and its democratic system if a change does not come about.

"If things go on as they are in the Federal Republic, then the two sectors (politics and business) will stay apart and, in my view, there will be no reciprocal enrichment."

The important thing was for each side to understand the criteria according to which the other took decisions—and that implied movement both ways. Among other things this would help stop party political life turning into a closed shop.

The parties, Dr Friderichs said "are increasingly becoming clubs whose members simply rise from one level to another—starting by sticking up posters when they are aged 15, later going on to organise election campaigns. As long as parties don't take advantage of the potential outside the party spectrum—for example in the academic or business world — then political life is the poorer and the breeding ground for confrontation becomes more fertile."

Just as important as making the career change itself is its timing. Dr Friderichs used to tell friends that he planned to move out of politics before he was 50 (he will be 47 next month)—and for a very good reason.

"I have the impression that some politicians say—we will wait until we have our political career behind us, and then change to another sector, but by that time they are of no interest to the other sector. The same is true the other way round. A manager who has his whole career in an enterprise behind him—who is on his way to retirement—is not the person I would like to see going into political parties."

Where then lies the difference between managing a bank and heading a Ministry? In this case the simplest initial answer involves the scale of the two operations. True, the Economics Ministry deals with a range of complex problems from energy to competition and regional development. But it employs fewer than 6,000 civil servants so that relatively close contact with a big proportion of them is possible.

Hullabaloo

The Dresdner, West Germany's second biggest bank and one of the world's top ten, is quite another matter. The Dresdner group world-wide has around 1,100 offices and nearly 30,000 employees. The group's added business volume totalled about DM 118bn at the end of last year. The balance-sheet total of the parent Dresdner AG alone was some DM 62bn.

Beyond that, the leadership of the Dresdner is based on the principle of collegiality—joint decision-making by the members of the executive board. As Dr. Friderichs says: "It is thus harder to carry one's point whereas in a Ministry the Minister has the final say. He can push through his own view against the state secretaries or other officials if he wants to. Whether it is wise is quite another matter—but he can do so."

Finally, perhaps most important, the main concern of a bank is to produce the best possible result—and often it is best if this is done without a lot of public hullabaloo which, apart from anything else, could alert the opposition. But in politics the consideration of how this or that point can best be put over to the public forms an integral part of the decision-making process.

Dr. Friderichs put it this way. "Here (at the Dresdner) we first ask 'is this a correct decision?' and only later whether we should make the decision public, and if so in what form. In Bonn it is all too often exactly the reverse—namely what must we tell the voter at present to keep a consensus with him?" Dr. Friderichs admits that perhaps he is putting this too much in black and white but the principle is nonetheless correct "because the two products on offer are different. Here a service to private customers and to business, there a political service to the public."

Personal as well as professional life has also changed for Dr. Friderichs. While he says he would not have missed the time in politics for anything, "there comes a point at which one no longer gets satisfaction from being a person whose every action is subjected to public scrutiny. I think one has to be careful not to allow one's character to be changed by all that so that in the end one is simply no longer oneself. This problem of being a public figure is naturally a real strain on the family, especially on the children."

The sum total of Dr. Friderich's current appointments is no less than it was in Bonn—but life is more regulated, less hectic. As well as a house in Mainz, he previously had to have a second home in Bonn—and of course he also often had to visit his constituency at weekends. Now he can stay in Mainz, about half an hour's drive from Frankfurt, and his weekends are relatively free. These personal gains obviously count for him at least as much as the more professional benefits of the move.

One favourite guessing game in the Press used to be how much Dr. Friderichs was "worth" to the Dresdner in terms of new business to be gained through contacts which he made as a minister both at home and abroad. The answer is, of course, that if he proves to be a good manager—a fact ultimately verifiable in the Dresdner's annual results—then he will be well worth his salary; if not, then no amount of initial contacts will make up for that.

But there is no doubt at all that he has the connections. When in Moscow recently (the Dresdner was one of the earliest in the field with "western business") he was able to greet the First Deputy Premier, Mr. Nikolai Tikhonov, as an old colleague from meetings of the joint Soviet-West German Economic Commission. The other day a minister from an OPEC country (also a key area of Dresdner activity) dropped by for a chat.

Next month, intriguingly, Dr. Friderichs is off to China. The appointment goes back to an old Dresdner contact with China. But Dr. Friderichs will not be going as a stranger. As Economics Minister he opened a major West German technical fair in Peking and established close contacts with the Chinese leadership.

But one other thing is certain: Dr. Friderichs will remain a controversial figure in Frankfurt no less than in Bonn—which will certainly not worry him.

Take, for instance, one of the most sensitive questions—that of banking influence on industry and business through the holding of stakes in enterprises. This is one of the main topics being discussed by a committee set up by the Bonn Finance Ministry and due to present its report later this year.

The question goes to the heart of the famed German "universal banking system" under which an institution may not only grant credit and advise on shares, but also help steer the policy of companies to which it has lent funds, and about which potential investors may ask it for advice.

The banks always maintain that they use their powers responsibly—and indeed it is hard to imagine the rise of German industrial power in the late 19th century without that "universal" system. Dr. Friderichs phrases his own views carefully—but leaves no doubt where he stands.

He feels that in principle banks should concentrate on providing services to business and private customers. "That doesn't mean that I refuse every stake in an enterprise . . . but the main task of banking cannot be to bring about concentration through a policy of share acquisition."

Dr. Friderichs notes that the Dresdner acquired many of its own holdings because, for example, an enterprise was in hard straits or because previous shareholders disposed of their stakes and the bank had to step in. "But in principle our policy should be to pass on shares again as far as is possible — not least to bring a bit more life and variety to the German stock market which, as you know, is far smaller than, for instance, the British in turnover terms."

Dr. Friderichs insists that this does not mean giving up the universal banking system—"which we have and which has proved itself. But there are certainly nuances of opinion on shareholding policy."

It will be interesting to see how these nuances develop as Dr. Friderichs heads for his second year at the Dresdner.

How to make products people want

BY CHRISTOPHER LORENZ

‑ITISH INDUSTRY is failing ·compete at home and abroad ·cause it is failing to provide ·e sort of products people ·ınt to buy. But more research ·d development is not the only ·swer; of at least equal im-·rtance is marketing: finding ·need, then filling it.

This was the theme of a ·eech in London yesterday by ·. James Pilditch, Chairman ·Allied International ·signers.

Speaking to a British Institute ·Management Conference on ·rading in the 1980s — meet-·g the competitive challenge," ·. Pilditch's message must ·ve gladdened the hearts of ·ıny a company which is shy ·investing in risky techno-·gical projects.

Illustrating his argument that innovative products should start with the market, and that development need not be risky, Mr. Pilditch cited the way Ever-Ready, now called Berec, replaced an old motorists' warning lamp with a new design which has proved a great success, in terms of both sales and profits.

The old lamp was solid and square, designed to carry a large battery. As Mr. Pilditch said, the company could easily have taken the obvious course, of just restyling it, changing its colour, and so on.

But there were three basic problems. The big battery was difficult for consumers to buy, since it did not have universal distribution. The bulkiness of the lamp created storage problems and, indirectly, reliability difficulties. And the tools for it had been written off "ages ago," so that the manufacturing cost of any replacement was bound to be a worry.

So the designers redesigned the lamp to take ordinary batteries available anywhere. At the expense of a swivelling beam, they made the lamp flat, so now it fits into the glove compartment where it gets far less shaken around than its predecessor. And costs were cut by simplifying the manufacturing process.

The old lamp had 72 parts and 49 assembly operations. Its successor has exactly half the number of parts and only 28 assembly operations. It costs 25 per cent less to make, allowing Berec to meet the price of comparable imports yet with a better profit margin.

In its first year, UK sales were more than double those of the lamp's predecessor, Mr. Pilditch reported, and demand was now rising still further.

Why was the lamp beating foreign competition? Because Ever-Ready had clearly given people what they wanted, Mr. Pilditch said. The company knew this before it made the lamp. It analysed the market. It had the product redesigned to meet a clear brief. Then it used models to test the new proposition. It even value-engineered the product before tooling.

"So when the time came for investment, they knew they were on the right lines."

Mr. Pilditch agreed with another of yesterday's speakers, Dr. Roy Rothwell of the Science Policy Research Unit at Sussex University, that each company must have a "product champion" within its executive ranks if it is to succeed in product innovation.

The crucial importance of certain "key individuals" within the firm was one of eight points described by Dr. Rothwell as "key" to a company's success in innovation. Based on a series of research studies, the others are:

- The importance of good internal and external communication, and effective collaboration with external agencies.
- Emphasis on innovation as a corporate-wide task, and not just the responsibility of the R and D department in isolation.
- The importance of efficient R and D and manufacturing processes.
- The importance of careful planning and the imaginative use of management techniques.
- Quality of management, personnel policy and management style.
- The crucial need to determine user needs and to interpret them in design.
- The need for efficient after-sales service and for user education.

Dr. Rothwell also cited a wealth of statistical data on the importance of products' technical quality to their market competitiveness. In particular, he argued that West German mechanical engineering products are more competitive than their UK counterparts, though they are also more expensive.

If the UK was to reverse the long-term decline in its share of the world market for engineering goods, Dr. Rothwell said, "then British firms must considerably update the technical quality and performance of the goods they produce."

Illustrating what this decline meant in employment terms, Mr. Pilditch cited calculations that last year's imports of passenger cars cost the UK some 67,000 jobs in car factories alone. "Add to that all the people that could be busy in supplier companies, and we get a hint of the scale of unemployment being caused by our failure to give our home market what it wants."

THE WHOLE object of management must be to beat its competition and to win, not just do well enough to survive. Productivity and profitability are important aims for industry, but they are not enough: the need to be competitive should be an aim in itself. This was the tenor of a presentation to yesterday's BIM conference by McKinsey and Co, one of the world's leading management consultancies.

Introducing the presentation, Mr. Hugh Parker, a director of McKinsey and president of the American Chamber of Commerce in London, compared companies to two types of sailors—day-sailors and ocean-racers. In terms of international competition, there were relatively few ocean-racers in the U.K. today, he said. The key difference lay in acceptance of the idea that in every race there can only be one winner.

LOMBARD

Consumers on the march

BY PETER RIDDELL

THERE IS something inherently absurd in the phrase the consumer movement—evoking thoughts about housewives erecting High Street barricades or storming hypermarkets. Like the boy scout or (nowadays) the labour movement, the consumer movement is merely a collection of activists, not a mass crusade. Yet there is undeniably a consumer viewpoint, in contrast to, and sometimes in conflict with, the views of producers—whether industrialists or trade unionists.

It is also true that the already powerful producer voice has become even louder and more persuasive during the recent years of slow growth and high unemployment. Government has been forced to listen and the result has been rescue operations, industrial aid schemes, grants, job subsidies and import controls. So an attempt to redress the balance in favour of consumers is welcome merely for its previous absence. However, the first broad statement on economic policy from the National Consumer Council shows some of the inherent contradictions between articulating consumers' legitimate grievances and trying to turn the consumer lobby into a formal institution like the TUC or CBI.

Researched

The Council itself certainly undertakes a lot of valuable pressure group work—and, one hopes, will continue to be supported financially by a new Tory administration. Indeed the new economic statement has many good points: it is impressively researched and the arguments are convincing in those areas of most direct concern to consumers. For instance, the attack on general import controls is effective—and all too rare when not coming from some international body or committed free-trade organisation. The message that general controls mean restricted choice, possible shortages, higher prices and possibly increased inefficiency cannot be stated too often.

Similarly, the commitment to a tough competition policy, especially on mergers, is refreshing and in contrast to the qualifications and reservations of the CBI in its manifesto last week. There is a lot to be said for considering the suggestion that the functions of the Monopolies and Mergers Commission and the Price Commission should be grouped into a single Competition and Efficiency Commission. This could look at all aspects of monopolies, mergers and examples of restricted or distorted competition. The attack on the EEC Common Agricultural Policy is also a welcome redress to that most powerful of producer interests, the farmers and their effective Whitehall supporters.

But the weakness in the Council's report is where it goes beyond these points to pronounce upon the economy as a whole. The statement is right to argue that consumers are just as affected by, and concerned with, pay policy and inflation as all the producer groups. Unfortunately, this concern ensnares the Council into arguments every bit as misguided as those of trade unions or of industrialists.

This is particularly true of the Council's enthusiasm for pay and price controls. It calls for a new advisory Pay Policy Council with representatives from all interested parties to recommend pay guidelines and related economic policy targets which should be approved by Parliament. Pay guidelines should be implemented on a voluntary basis but proposed pay settlements should be notified to the new Competition and Efficiency Commission which could investigate them but would not have the power to prevent settlements. By all means let us have discussions if they improve understanding of economic constraints but spare us, please, any more attempts to reach centrally agreed pay guidelines.

However, it is not so much the Council's specific suggestions which are worrying as the thinking behind them. The statement calls for consumer representation on every conceivable body. Indeed the Council has already received the ultimate symbol of acceptance in the corporate state its "seat at the conference table"—since its chairman is a member of the National Economic Development Council.

Interest

Invigorating as it no doubt is to be sitting near, yet so far, from real power, Neddy stands for just the sort of producer special interest that the Council should be trying to counter. It is no good saying that consumers'—largely self-appointed—representatives should have an equal say. Instead they should be arguing against any attempt to reach centralised decisions on what is best for the population, and hence consumers, generally, and in favour of decentralised decisions by individual consumers through the market. This may indeed require stronger Government action but the aim should be to aid and not to hinder the market.

Transports of delight

BY RAY PERMAN

AROUND BRITAIN

WESTERN ISLES

IT WOULD be difficult to claim that the 150 inhabitants of the small Scottish islands of Eigg, Rhum, Muck and Canna, had much in the way of political muscle. They are mostly farmers, crofters or lobster fishermen, with a sprinkling of scientists who study the flora and fauna, a postmistress or two and some retired people. Yet they have just won a remarkable and unexpected concession from one of the most impenetrable bureaucracies in Britain: the Scottish Office.

For the last three years a dispute has been raging in and around the isles over the replacement for the Loch Arkaig, a 36-year-old wooden-hulled ex-minesweeper which is fast coming to the end of its useful life as the mailboat and ferry linking the isles with Mallaig, on the west coast of Scotland.

Over the years, as costs have risen, so the islanders have seen the standard of their ferry services decline, adding another twist to the vicious spiral: poor communications with the mainland make the islands less attractive places to live, so the populations fall; smaller populations mean fewer passengers, so the cost of running the ferries goes up; and so on.

Once the islanders were able to travel not only to Mallaig, but also to Oban and the outer isles of Barra and Uist. Farmers had a choice of market in which to sell livestock; housewives a choice of town in which to shop. The boats were large and comfortable and able to carry bulk cargo, farm vehicles, sheep and cattle as well as passengers.

Now they are restricted to a ship which is too small for more than limited cargo to be carried on her deck and can offer only tea and light snacks for voyages that can take anything from one-and-a-half to seven hours. When there are more than a few animals to take to market, or heavy freight to be moved, another boat has to be specially chartered.

The service, like most others to the western isles, is run by Caledonian MacBrayne, a nationalised shipping line—which, caught between demanding customers and the Government—which subsidises it to the tune of £3.6m a year—is often unfairly cast as the villain in disputes over ferry services.

When the question of the Loch Arkaig's replacement arose in 1975, MacBrayne's came up with what they thought was a novel solution to the small isles problem. With hardly any roads and limited populations, the islands did not justify a full-scale vehicle ferry. Yet, as mainly farming communities, they needed a ship able to carry livestock and occasional heavy freight, such as tractors and farm machinery.

A ship was designed to carry the same number of passengers as the existing vessel, but also with capacity for 12 tonnes of cargo or livestock. It would be able to reverse to the beach to load via a ramp to serve those islands without a proper landing stage.

It was perhaps, too big for the normal requirements of the small isles, but had the advantage of being interchangeable with the ferries plying the more popular routes, so could be used as a back-up. At an estimated £500,000-£600,000, the vesel was not considered over-expensive.

But when consultative meetings between the Scottish Office, MacBrayne's, the islanders and other bodies got underway, the plan foundered. The shipping line found itself opposed by the Highlands and Islands Development Board, another Government-financed agency which, by subsidising local pleasure boat operators, actually encourages competition for the summer tourist trade that MacBrayne's tries to capture in order to reduce the £250,000 operating loss on the regular small isles service.

In addition, the islanders were divided among themselves. Most favoured the MacBrayne's proposal, but a few backed a scheme put forward by Mr. Keith Schellenberg, a wealthy businessman who bought Eigg three years ago and is now seeking to develop the island along his own free-enterprise lines. He also had the backing of the Highlands Board for his proposal to run the ferry service himself, using a series of small boats rather than one large ship.

The meetings dragged on for over two years, eventually rejecting Mr. Schellenberg's suggestion (his earlier scheme for a scheduled helicopter service had also been rejected). Meanwhile, the cost of building new ships was rising and the original MacBrayne's design was deemed too expensive. Instead, a compromise ship was decided on which suited no one.

It was to be 20 feet smaller than the present vessel, with half the space for passengers and cargo. It had the appeal of being cheaper to run, largely because its crew was to be reduced from nine to five. But its cost, at £500,000-£600,000, was exactly what the original, larger ship would have cost had it been ordered three years before and the new one would be unsuitable for use on any of the busier ferry routes.

Predictably, no one was pleased. Mr. Schellenberg decided to run his own ferry service to Eigg and now often greets his passengers with a lecture on the merits of free enterprise. The remainder of the small islanders showed their disapproval by voting seven-to-one against the ship in a referendum.

The Nature Conservancy Council, which owns Rhum, was concerned because the limited passenger capacity of the new ferry would hamper its attempt to attract visitors to the island, which is a wildlife sanctury, and the attempts of the National Trust to develop Kinloch Castle, on the island, as a centre for visitors and students.

Farmers like Dr. John Campbell, proprietor of Canna, were worried that the new ferry would be inadequate for their needs. He sends 35-50 rams to the November sales and relies on the Loch Arkaig to bring regular consignments of fuel oil and other supplies.

But the matter looked se[illegible] Despite protests, the keel o[illegible] new vessel was laid and [illegible] begun at the Troon shipya[illegible] Ailsa Shipbuilders. Then, o[illegible] the blue last week, [illegible] Kirkhill, a Scottish Office [illegible]ister, announced in a lett[illegible] the Inverness-shire MP, [illegible] Russell Johnston, that he ag[illegible] the ship was inadequate [illegible] he had ordered that the [illegible] be cut and a piece insert[illegible] make the ship longer [illegible] increase its passenger capa[illegible]

Most of the islanders [illegible] delighted. It is not the a[illegible] to their prayers: there is [illegible] the matter of freight and [illegible] stock to be settled and, [illegible] ever good the new ferry [illegible] out to be, it is unlikely to r[illegible] the expectations of some [illegible] dents who remember th[illegible] days. But it is a break i[illegible] downward spiral. And th[illegible] something to be thankful [illegible]

The old Loch Arkaig ferry at Armadale.

Improved Parmesh ready for win at Doncaster

RACING

BY DOMINIC WIGAN

MICHAEL STOUTE has always held a high opinion of the Home Guard filly, Parmesh, and I am hopeful that his faith in this rangy chestnut will be justified in today's William Hill-supported Portland Handicap at Doncaster.

Parmesh, whose two juvenile victories included a win in a valuable five-furlong event at Thirsk, showed little on her reappearance at Sandown in June, finishing last of seven behind La Rosee in the Alington Stakes after being behind almost from the outset.

However, she has come on a great deal since that outing.

In a wide open race I take her to spring a surprise with a win at the expense of the course winner, Whenby, another horse which appears poised for a return to form.

With the exception of Admiral's Launch, there has been no more of an enigma among the middle-distance three-year-olds this season than Leonardo da Vinci and it will be fascinating to see if the Daniel Wildenstein colt can bounce back into public favour with a win in the Olympic Casino Stakes.

At one time the Brigadier Gerard colt was 9-4 in some Derby ante-post lists following a 10-length White Rose Stakes victory over Nicholas Bill at Ascot. But he appeared to have his limitations, on good ground at least, exposed when trailing fifth behind the subsequent Epsom hero, Shirley Heights, in York's Mecca-Dante Stakes.

Although he will not have the hock-deep mud he clearly revels in, Leonardo da Vinci may well be capable of returning to winning form in this afternoon's four-runner field. Conte Santi from the in-form stable of Ryan Price appeals as attempting forecast alternative to Taxiarchos.

DONCASTER
2.00—Sea Master
2.30—Hulda
3.00—Parmesh***
3.30—Leonardo da Vinci*
4.00—Padro
4.30—Stradey Park**

GOODWOOD
1.45—Ridan's Girl
2.15—Whistlefield
2.45—Senorita Poquito.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 Racing from Goodwood/Tennis: Davis Cup: Great Britain v Czechoslovakia. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mole as a Chemist. 4.25 Help! It's the Hair Bear Bunch. 4.45 The Case of the Elevator Duck. 5.00 Play Away. 5.35 Ivor the Engine.

5.40 News (London and South East only).
5.55 Nationwide.
6.40 Sportswide.
6.55 Young Dan'l. Boone.
7.45 Athletics: The 11th Coca-Cola International.
8.30 The Fall and Rise of Reginald Perrin.
9.00 News.
9.25 Target.
10.15 Tonight—In Town (London and South-East only).
10.45 Regional News.
10.46 Athletics from Crystal Palace (highlights).
11.15 The Late Film: "Guess Who's Coming to Dinner," starring Spencer Tracy, Sydney Poitier and Katharine Hepburn.

All Regions as BBC-1, except at the following times:—

Wales—1.45-2.00 pm Nant-Y-Pant. 5.00 Crystal Tips. 5.05-5.35 Teliffant... 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15-8.45 Cawl a Chan. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Star Brass. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) For Your Tomorrow; Midlands (Birmingham) The Grass is Greener; North (Leeds) BBC North Young Music Makers; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) The Smelter.

BBC 2

6.40-7.55 am Open University.
9.15 Liberal Party Assembly.
11.00 Play School (As BBC-1 3.55 pm).
11.25 Liberal Party Assembly.
12.30 pm Tennis—Davis Cup: Great Britain v Czechoslovakia.
2.00 Liberal Party Assembly.
4.55 Open University.
6.40 News on 2 Headlines.
6.45 The Sixth Leeds International Piano Competition.
9.00 Jack High.
9.30 Horizon.
10.20 Tennis: The Davis Cup (highlights).
10.50 Late News on 2.
11.10 "Lotte in Weimar," starring Lilli Palmer.
1.10 am Closedown (Reading).

LONDON

9.30 am Dynomutt. 9.50 Talking Bikes. 10.15 "Virgin Island," starring John Cassavetes. 11.45 Cartoon Time. 12.00 The Learning Tree. 12.10 pm Pipkins. 12.30 Country Style. 1.00 News plus FT index. 1.20 Thames News. 1.30 Untamed Frontiers. 2.00 Liberal Party Assembly. 2.55 Mid-week Racing from Doncaster. 4.15 The Flockton Flyer. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at Six.
6.30 Emmerdale Farm.
7.00 The Krypton Factor.
7.30 The Rag Trade.
8.00 3-2-1.
9.00 The Foundation.
10.00 News.
10.30 Police Five.
10.40 Soap.
11.10 The Friday Film: "Captain Apache."
12.55 am Close—James Coyle reads a Wordsworth poem.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Child Life in Other Lands. 10.00 Orion—The Saving of Men and Metal. 10.25 Little House on The Prairie. 11.10 Friends of Man. 11.35 A Reason for Living. 1.25 pm Anglia News 1.30 Those Wonderful TV Times. 5.15 Bygones. 6.00 About Anglia. 10.30 Cross Question. 11.00 Friday Late Film: "The Bachelor Party." 12.45 am Your Music at Night.

ATV

10.00 am Universe. 10.20 Friends of Man. 10.50 Bannacek. 1.20 pm ATV Newsdesk. 1.30 Stars on Ice. 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 The Friday Night Film: "The Dion Brothers."

BORDER

9.45 am Inner Space. 10.15 The Little House on the Prairie. 11.10 The Lost Islands. 12.35 Look to the Sea. †1.20 pm Border News. 1.30 Survival. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Firehouse. 10.30 Borderers. 11.00 Late Night Film: "Walk a Crooked Path." 12.35 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 1.30 Orion. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Lost Islands. 10.28 Channel Late News. 10.32 Inner Space. 11.00 Late Night Movie: "The Secret of Blood Island." 12.30 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Canada at War. [illegible]

GRANADA

[illegible] the Dinosaurs. 10.45 Cartoon. 10.55 The Nature of Things. 11.45 A Handful of Songs. 1.20 pm This is Your Right. 1.30 Gambit. 5.15 This is Your Right. 6.00 Granada Reports. 6.30 Kick-off. 10.30 Reports Extra. †11.00 Friday Film: "A Rage to Live."

HTV

10.00 am Sesame Street. 11.00 World Worth Keeping. 11.30 Young Country. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 5.15 Focus on Soccer. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Letter by Letter. 11.05 The Friday Film: "Creature from the Black Lagoon."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am No Fence for Barone. 11.00 Golda Meir. 1.25 pm News and Road Report. 1.30 Houseparty. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Thingummijig. 10.30 Late Call. 10.35 Appoint with Fear: "Dracula AD 1972."

SOUTHERN

9.30 am Adventures in Rainbow Country. 9.50 Nature of Things. 10.00 The Invaders. 11.30 Return to the Planet of the Apes. 1.20 pm Southern News. 1.30 Gambit. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East. 6.30 Tell Me Another. 10.30 Weekend. 10.35 "Dead or Alive." 12.15 am Southern News Extra.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 9.30 Who's Afraid of Opera. 9.55 Tarzan. 10.45 White Power World 11.05 Return to the Planet of the Apes. 11.30 The Juggler of Notre Dame. 1.20 pm North East News and Lookaround. 1.30 Father Dear Father. 5.15 Gambit. 6.00 Northern Life and Sportstime. 10.30 "Take a Girl Like You," starring Hayley Mills and Oliver Reed. 12.20 am Countryside Christian.

ULSTER

11.05 am International Mixed Foursomes. 1.20 pm Lunchtime. 1.30 Gambit. 4.13 Ulster News Headlines. 5.15 Beverley Hillbillies. 6.00 Reports. 6.15 Sports Cast. 10.30 Feature Film: "Day of the Evil Gun." 12.00 Bedtime.

WESTWARD

10.15 am The Beachcombers. 10.40 A Drop in the Ocean. 11.05 Robert Browning, his Life and Poetry. 11.30 Sandokan. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Orion. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward [illegible]

YORKSHIRE

[illegible]

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

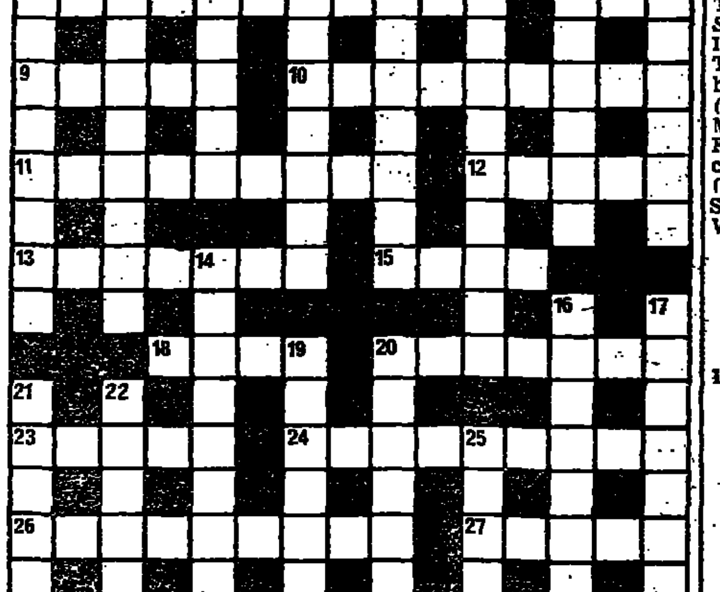
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,771



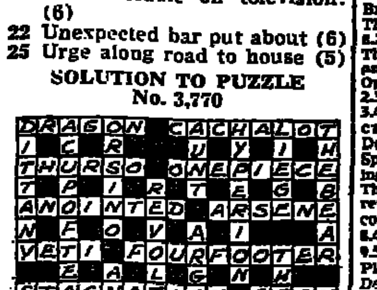
ACROSS

1 Comb and cosmetic making hot stuff (5, 6)
7 & 28 Fish to catch a stone (6)
9 Swift attack round capital of Portugal (5)
10 Ran back with food for relation (9)
11 Can be obtained possibly via a label (9)
12 Order to the south-east for fat (5)
13 I, it's said, get a smaller portion, being blind (7)
15 Work to one-fifty (4)
18 Mark on vehicle from the south (4)
20 Tag bout organised in tower (3-4)
23 Horse-soldiers going for hooded poisoner (5)
24 I'm to intercede without delay (9)
26 Quite able to become fair (9)
27 Disguised in deception (5)
28 See 7 Across
29 Candid and honest as paratroops go (4, 2, 5)

DOWN

1 Cares about horse but slaughters (8)
2 Salesman going to dine with editor passed on the news (8)
3 Sing part of merry ode loudly (5)
4 Widely comprehensive transport (7)
5 Most secret coffer in some French street (7)
6 Thinking about a male offspring in Gambian capital (9)
7 Money required for type of fowl from West Africa (6)
8 Girl Guide telephoned Her Majesty (6)
14 Delighted to sing note in the end (9)
16 Love affair right for a storyteller (8)
17 Number of soldiers seen in force ... (8)
19 ... and soldiers in East London district seen after storm (7)
20 Eastern politician in trial and violent commotion (7)
21 Coarse riddle on television? (6)
22 Unexpected bar put about (6)
25 Urge along road to house (5)

SOLUTION TO PUZZLE No. 3,770



ENTERTAINMENT GUIDE

CC.—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

[illegible]

THEATRES

HAYMARKET. 930 9832. Prevs. from Oct. 4. Opening Oct. 9 at 7.00. GERALDINE McEWAN CLIVE FRANCIS NIGEL [illegible]

ROYALTY. Credit Cards. 01-405 [illegible] Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Saturday 3.00 and [illegible] London critics vote BILLY DANI[illegible] BUBBLING BROWN SUGAR [illegible]

CINEMAS

[illegible]

Cinema

Grease slips back slickly

by NIGEL ANDREWS

Grease (A) Empire and ABCs Fulham Rd and Bayswater
The Cheap Detective (A) Odeon, Leicester Square
The Cycle (AA) Paris Pullman and Phoenix
Why Shoot The Teacher (A) Minema
Montreal Main (X) ICA
Paul Fejos National Film Theatre

Grease is the latest voyage to that cloud-capped land of myth, the 1950s. One would think that the Instant Recall of film and television in this century, telescoping years and decades, would have robbed the past of its remoteness and romance. But not so. Here we all are, gawping at the decade before last like time-machine travellers peering through their porthole at some indecipherable pre-history.

Here is the Anthropus Oleaginus (John Travolta) with his brilliantined hair and strutting walk. Here is the Virgo Sandrateeus (Olivia Newton-John) with her bobbed blonde hair and balloon skirt. And here is every other natural-history specimen of that bygone age, from the High School Bad Girl (Stockard Channing) to the adrenalin-fuelled buddies who cavort around, but never upstage, our hero. Stands the Hollywood calendar at 1953? And are there milk-shakes still for tea?

Surrounded by colleagues who hate *Grease* for most of the above reasons (and a few more) I have to aver, however, that I rather like it. Regression is not good for the cinema's soul, perhaps, but some kinds of regression are better than others. *Grease* is a pile-up of 1950s cliches and stereotypes; but it knows it is noisy and derivative and instead of tactfully holding itself back—something Hollywood is never good at—it goes enthusiastically over the top.

We begin with Travolta and Newton-John romancing on a beach to the strains of "Love Is A Many-Splendoured Thing"; we proceed to their reunion at the High School they have both entered which, with the boys walking tall and the girls walking bosomy, more resembles a home for overgrown Hollywood teenagers (and isn't that Frankie Avalon crooning down that white staircase?); we run the gamut of lovers' tiffs and misunderstandings (explains the synopsis, "Danny's image forces him to play it very cool. Sandy feels rebuffed"); we reach a climax with the High School dance; we reach another climax with an impromtu car race à la *Rebel Without A Cause*; we reach a third climax with an end-of-term carnival in which Miss Newton-John exchanges her Sandra Dee image for something more sexy and 1960s. Finally the film runs out of climaxes and allows a punch-drunk audience to go home.

How can one like all this? Chiefly because there are two superb performances. Travolta has livened up his acting since *Saturday Night Fever*. Both the face and the odd cock-strut of a walk remind me, for better or for worse, of Jerry Lewis: but there is also an undeniable romantic magnetism about him, and even a dash of wit in his acting. The other scene-stealer is Stockard Channing. This swollen-cheeked comedienne, who looks like Elizabeth Taylor with a toothache, gives a cracking delivery to the best song in the film and performs expressive wonders with that elastic face. Add to these performances some rousing numbers (and when did Hollywood last throw caution to the winds and allow its actors to burst into song in the middle of "realistic" scenes?) and a fair success rate in the non-stop stream of visual and verbal gags, and *Grease* is far from being the multi-decibel disaster that American critics have told us and British ones are no doubt just about to.

★

Heed all warnings, on the other hand, concerning *The Cheap Detective*. This is quite as bad as reports say. Neil Simon is a master at making comic capital from the urban and domestic ills of our time, but he is no parodist and this two-headed tribute to *Casablanca* and *The Maltese Falcon* is even weaker than his Agatha Christie spoof of yesteryear, *Murder by Death*. Peter Falk as Humphrey Bogart leads an all-star cast—including Ann-Margret, Louise Fletcher, James Coco, Nicol Williamson, Dom DeLuise, Sid Caesar, Stockard Channing, and Madeline Kahn—through a salvo of misfiring witticisms and ill-aimed movie in-jokes.

★

Garlanded with praise from the Paris, London and Berlin film festivals, *The Cycle* is the newest film by Daryush Mehrjui. The Iranian director's previous works seen in this country—*The Cow* and *The Postman*—each boasted an odd mixture of realism and hyperbole, as if halfway between a social sermon and a cry of pain. Mehrjui has ironed out his style in his latest film and though other critics have rejoiced at the new, mature Mehrjui—gone are the switchback changes between comedy and melodrama—I think the vital spark is missing. The story of a young boy who operates a sort of one-man black market in blood, taking it from poor and diseased peasants and selling it to a big hospital in Tehran, is a story of low-life opportunism taken to the brink of mania. But since the film's style and tempo go nowhere near that brink, and the boy who plays the lead is handsome but inexpressive, what should have been a stinging tragicomedy proves a rather plodding tour through the byways of big city corruption.

★

Plodding is also the word for *Why Shoot The Teacher*. This Canadian comedy was chosen for the Cannes Directors Fortnight last year, for reasons that eluded me. Bud Cort, a boyish, owl-faced actor with an endearing air of being permanently lost, plays a teacher drafted to a small school in Saskatchewan. The school is miles from anywhere, anyone and anything, except snow, and pupils and fellow teachers reach it by a daily hike through the frozen wilderness. All except Cort, who takes up residence in the school cellar, where he enjoys a brief affair with farmer's wife Samantha Eggar. The main joke of the film seems to be the cold weather, and while cold weather has its comic attributes, they are not quite enough to fuel 99 minutes' worth of humour. The film was written by James DeFelice and directed by Silvio (*Georgy Girl*) Narizzano.

Montreal Main is another Canadian film and another festival memory. Films are beginning to seem like wines this week: this was a good Locarno '74, tangy and with just a hint of roughness. Directed by Frank Vitale, it is set in the underbelly of Montreal, where life is a ceaseless round of sex, work, pinball games and casual delinquency. Frank is "an artist who's getting nowhere at 28" and Johnny is the thirteen-year-old boy who teams up with him, a sort of Phaedo to his Socrates, to learn the ways and wisdom of the underworld. There are odd hints of homosexuality, but nothing definite, and the ambivalence of the film is half its appeal. It seems to move sideways rather than forwards, so that expectations of a story are never quite fulfilled, but peripheral colour and detail are richly presented.

★

Beginning at the National Film Theatre next Monday is a season of films by Paul Fejos, the maverick Hungarian director who worked variously in Hollywood, France, Austria and Denmark as well as in his native country. The Press show favoured us with his sprightly 1933 Austrian film *A Ray of Sunshine*, a sweet-and-sour tale of hardship and romance in pre-war Vienna. Other films worth catching include *Lonesome*, his best-known American movie, *The Last Performance*, a 1929 thriller starring Conrad Veidt, *The Golden Smile*, a Danish melodrama based on a story by Kaj Munk (who wrote *Ordet*) and two intriguing-looking documentaries about, respectively, man-versus-nature in Siam and life among the Peruvian Indians.

★

Finally, a valedictory tribute to Jack L. Warner, the greatest of the four Warner Brothers, who died this week. Warner escorted Hollywood history through 50 years from its first decade to its last pre-eminent one, the 1960s. He retired before television wrought its worst damage on the movie industry, having been a staunch opponent of that medium's influence throughout his last years. He deserves to be remembered for some of the most magically resourceful low-budget films Hollywood ever made — notably the gangster cycle of the 1930s and the films made with Bette Davis in her heyday — and for a loyalty to cinema longer and stronger than that of almost all his fellow tycoons.

Olivia Newton-John and John Travolta

Shaftesbury

Dracula

by B. A. YOUNG

The elements of Bram Stoker's novel have been neatly concentrated into a day and a night at the house of Dr. Seward, and nothing essential is missing. Dr. Van Helsing comes from Holland to investigate the mysterious illness of Seward's daughter Lucy, and diagnoses it as passive vampirism, the active partner being Count Dracula, who has settled in a desirable coffin in Purley. Lucy's fiancé Jonathan Harker joins in the pursuit and is allowed to hammer in the fatal stake. Seward's zoophagous patient ("zuphagous" is what the doctor says, but we know what he means) eats his flies and spiders. And the eponymous Count, pursued around the stage by a white follow-spot, flutters his black velvet cloak with an aristocratic display of evil.

But the production under Dennis Rosa, who is the director of the current New York production, does not seem to be taken seriously enough. The acting style is the mockery of Victorian melodrama familiar to many of us when rep companies bring out some old chiller for Christmas. It is taken to extreme lengths, but not uniformly. Derek Godfrey, Barrie Cookson and Rupert Frazer go through their sequences of sudden melodramatic poses, as Van Helsing, Seward and Harker, with a consistent understanding of the genre, but the overt comedy is wildly overplayed. Marilyn Galsworthy turns the maid into something from a comic film-cartoon. As for Nickolas Grace as the zoophagous Renfield, he gives a display of unrestrained acrobatics that in another context I should have found admirable, but for a simple madman in a nursing-home strike me as irrelevant.

Leonard Burt

Terence Stamp and Rosalind Ayres

Inside Terence Stamp's gentlemanly Dracula a genuine vampire can be clearly discerned. I suppose it is his long absence from the stage that makes him so reluctant to give adequate emotion. His scene with Lucy on her bed—Rosalind Ayres, her complexion as white as her dress—should be glowing with sex, but Mr. Stamp is so courteous that I feel sure he said "Do you mind?" before tearing open that fatal vein in his chest.

Edward Gorey's scenery, and the creepy effects like the splendidly-controlled bat, are lovely. The sets show high, domed chambers with brickwork between the columns, and bats are subtly worked into the designs wherever possible: and the scenery is made to look like black-and-white drawings in Mr. Gorey's familiar macabre manner. Dracula's coffin, in a lofty vault across which a rat runs without fear, is tilted so that we can see him melting away after Harker has poked the tip of the eight-inch stake into his breast. Mr. Stamp disappears well. He would never have got as far as that coffin if he had not very cleverly turned into a bat in mid-stage in the previous scene. He should now infuse as much effect into his appearances.

Coliseum

La Bohème

by ELIZABETH FORBES

The English National Opera is lucky — or clever — in finding singers for the cast changes in Jean-Claude Auvray's year-old production of *La Boheme*. At Wednesday's performance of Puccini's ever-youthful masterpiece there were three new principals, all of whom fit without any awkwardness into the production, fluently rehearsed by Steven Pimlott. Henry Howell is not at first sight or sound a particularly romantic Rudolph; even the arrival in the Bohemians' attic of Mimi does not altogether dispel his reserve of manner, though he sings "Your tiny hand" with evident sincerity. But for the third act at the Barriere d'Enfer he summons up both warmth of tone and real eloquence of phrasing.

Patrick Wheatley's Marcel has a natural authority that makes him the leading spirit in the young men's horseplay and effectively underlines the totality of his surrender to Musette. His sturdy voice fills the Coliseum's large auditorium without strain, though the theatre is ideally too big for this, the most intimate of all Puccini's operas. Eiddwen Harrhy, a delicate, gentle Mimi, fills the house with beautifully focused tone; very occasionally she sacrifices her words to the exquisite shaping of the vocal line that is characteristic of her singing, but both her farewell to Rudolph and her death scene were exemplary in projecting the text as well as the emotion of the music.

It is no disparagement of Miss Harrhy to say that fine interpreters of Mimi, though certainly not plentiful, do at least exist, while really good Musettes are far scarcer than unflawed emeralds. Lois McDonall, who first sang the role at the beginning of this season, is fast becoming a very good Musette. More relaxed than before, she now blends the two halves of the character, the flirtatious tease who so exasperates poor Marcel, and the warm-hearted girl discerned by Mimi, in near-perfect proportions. At this revival she — and indeed all the cast — is greatly helped by the conductor, Ian Reid.

Refusing to inflate the score beyond its natural scope, Mr. Reid obtains nicely balanced playing from the orchestra. He does not wear his heart upon his sleeve, and there is little or no overt sentimentality in his reading; but there is, however, plenty of genuine feeling to give humanity and depth to the Bohemians' sorrows and joys. He achieves a crisp, almost febrile air of celebration for the scene outside the Café Momus, and shapes the third act in one single, arching span that easily accommodates the tender, regretful memories of one couple as well as the hot-tempered bickering of the other pair.

Arts Council backs new records

The second stage of the Arts Council's scheme for subsidising records of music by present-day British composers is nearing completion.

Following the issue late last year of *The Music of Anthony Payne* on BBC Records, four projects were taped during July and August for release in 1979.

In Walthamstow Assembly Hall, Argo recorded *Spells*, a major choral work by Richard Rodney Bennett, with Jane Manning, the Bach Choir and the Philharmonia Orchestra under Sir David Willcocks (to which will be coupled *Aubade*, a short orchestral work by Bennett conducted by David Atherton).

Simultaneously, in the Philharmonic Hall, Liverpool, David Atherton conducted the Royal Liverpool Philharmonic Orchestra in two concertos by Hugh Wood for Unicorn: the violin concerto with Manoug Parikian and the cello concerto with Moray Welsh.

Also at Walthamstow, Argo recorded the first complete performance of *Life Studies* by Nicholas Maw, a work for 15 solo strings, with the Academy of St. Martin-in-the-Fields under Neville Marriner.

In Kingsway Hall, Decca has just recorded Simon Rattle and the Philharmonia Orchestra, in Peter Maxwell Davies' *Symphony*, a work first performed in February 1978 and recently repeated at the Proms.

Italian festivals

Città di Castello and Siena

by WILLIAM WEAVER

There are so many festivals in Italy that even the most assiduous music-critic or musical tourist would find it impossible to cover them all. Thus I have to apologise for having overlooked, until now, the international festival of chamber music in the little Umbrian city of Città di Castello. Now in its eleventh year, the festival offers a judicious blend of old music and new in a number of attractive settings; it also sponsors master classes and seminars by artists of international reputation.

This year's programme included two "portraits" of contemporary composers, Goffredo Petrassi and Hans Werner Henze, in which various chamber works were played in the author's presence. But most of the concerts featured music by Schubert (150th anniversary of death) and Vivaldi (300th anniversary of birth).

The opening concert, in fact, was an all-Vivaldi evening, held in the spacious, sober cloister of San Domenico. Two works were performed, one of them for the first time apparently since the composer's death. This was a youthful, uncharacteristically conservative, but affecting setting of the 115th Psalm for mixed chorus. An enthusiastic young group from Venice, the Cantori Veneziani, formed only a few years ago, sang the piece with compelling intensity and freshness under its founder and director Davide Liani.

More substantial, though not more enjoyable, was the second piece, *La Senna festeggiante*, an occasional secular cantata composed, it seems, about 1729 to celebrate the birth of a French prince (hence the title: the festive Seine). The work is uneven. Much of it sounds routine, the familiar Vivaldi formula; but then—as so often happens with Vivaldi—the composer's individuality, his own apparent boredom with the formula, breaks through (here it is delightfully evident in the Overtures to the two parts, especially the second).

In Città di Castello it was given a fluent, unpretentious performance with the soprano Valeria Mariconda (representing the Golden Age), the contralto Juanita Porras (Virtue), and — most idiomatic — the bass Robert Amis El Hage (the Seine). Gabriele Gandini conducted the Vivaldi Chamber Orchestra of Venice, and the Cantori also sang, briefly but effectively.

In the history of modern Vivaldi performance and scholarship, Siena and its Accademia Chigiana occupy a special place. The Vivaldi Renaissance really started here, fostered by musicians like Alfredo Casella and Virgilio Mortari and by scholars like Olga Rudge. So naturally this year's Settimana senese, the Accademia's brief but distinguished festival, was rich in Vivaldi programmes.

The most ambitious of these was the staging of the opera *L'incoronazione di Dario* (originally presented at the Teatro Sant' Angelo in Venice in 1716). It is really impossible to present an "authentic" staging of a Vivaldi opera these days, chiefly because of the time factor. An 18th century performance would have lasted four or five hours, even longer; and even the most dutiful modern audience would become restless, if not vociferous, before the end. There are also problems of style, voices and stage machinery.

So the producer and conductor have to select a compromise solution. In Siena, Pier Luigi Samaritani, designer and producer, was responsible for choosing the approach to the work, and he made the worst possible choice. Unable to conceive a serious presentation, he decided simply to make fun of the piece (and, by implication, of the early 18th century theatre world).

We were given a kind of rehearsal of a necessarily abridged *L'incoronazione di Dario*, in which a bewigged music-master (or stage-manager) placed the singers in silly "attitudes," stage-hands in knee-breeches carried on props or supervised the raising of a painted drop, the shifting of an incomplete scene. The singers were encouraged in every excess (in the case of the two counter-tenors, this meant outrageous and tiresome camping), simpering at the audience, accepting floral tributes, up-staging colleagues.

Had the production been satin-smooth, this guying might just have worked. But the American cast had prepared a concert performance, and all these producer's tricks were an unpleasant surprise they found on their arrival in Siena. Thus some members of the cast did not know their music by heart. The wiser ones went through the performance holding scores firmly with both hands. More foolhardy interpreters tried to sing from memory, and occasionally got lost (Joy Zornig skipped a long patch of recitative while the intrepid harpsichord player ambled through its accompaniment).

The singing was, for the most part, inadequate anyway. The two counter-tenors were the worst offenders: Daniel Collins sang with a pouting expression and a whiny voice; the other counter-tenor, John Angelo Massena, squalled like a superannuated star familiar to Italian audiences (though, when he abandoned his nonsense, he delivered one aria —"Non mi lusinga"—with admirable musicality). Only Katherine Ciesinki, as the candid Statira, was really pleasing; she also had one of the loveliest arias, "Sentirò fra ramo e ramo," in what—in a more sensible production—should have been a charming garden scene.

Much-heralded in the local Press, the Orchestra Giovanile Italiana was formed with conservatory students a year ago and this year's group has been playing in Siena for the master classes in conducting given by Franco Ferrara. It did not seem ready, however, for the subtleties of Vivaldi, and despite the best efforts of the conductor Newell Jenkins, the playing was scratchy.

Still, it would be futile to blame the musicians for this irritating, boring evening. The fault lies squarely with Samaritani. After his brilliant success in Florence last winter, when he designed and produced an unforgettable *Werther*, much can be forgiven him. But not this much.

LSO celebration season for 75th anniversary

The London Symphony Orchestra is to celebrate its 75th anniversary next year with visits from some of the world's leading conductors and performances of new music.

The anniversary year will start in May with concerts conducted by Leonard Bernstein and Karl Böhm, who will be followed on the rostrum by Colin Davis, Igor Markevitch, Celibidache and Claudio Abbado.

New works have been commissioned from Nicholas Maw, Andrej Panufnik, John Mayer and Peter Maxwell Davies with Arts Council help, and the Ralph Vaughan Williams trust has made funds available for a new triple concerto by Sir Michael Tippett.

The anniversary concert in the Festival Hall on June 17 will include Rakhmaninov's second symphony, and Brahms's first piano concerto with Ashkenazy as soloist. It will be conducted by André Previn.

Previn will become the orchestra's first conductor emeritus when his place as principal conductor is taken by Claudio Abbado in September, 1979.

The orchestra will be visiting seven British cities in its second Shell National tour with André Previn. There will also be three concerts in Yorkshire with André Previn and Kyung-Wha Chung.

Overseas tours include visits to Paris with Abbado and Böhm in April and May, 1979, respectively, a visit to Mexico in August, 1979, and a tour of Switzerland the following January.

The orchestra's turnover last year reached a record £1.4m with a deficit of only £10,000 despite breaking new ground with its own promotions and bearing the heavy deficit of its third visit to the Salzburg Festival.

Continued sponsorship for London concerts came from the Peter Stuyvesant Foundation, British Airways and Mullis-Morgan. New sponsors for individual concerts were Wilkinson Match, Lawlers of London, Evening News, Pye Records, Peugeot Automobiles UK and 20th Century-Fox.

JOHN FALDING

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A basis for progress

ONLY ONE thing is absolutely clear about the latest financial and trade statistics: they are distorted. The good news they seem to convey cannot then be taken at face value. At the same time, however, our understanding of the distortions is improving, and a reasonable estimate can be made of their extent, and when that is done, the figures still look fairly satisfactory. Their message, partly confirmed by other indicators, is that the flow of North Sea oil, coupled with what remains an encouraging export performance, is enabling us to pay for the very sharp rise in imports of manufactures caused by the consumer boom and the demand for plant. On the financial side, the authorities now have some elbow room for the difficult months to come.

No crises

The trade trends are no longer of such pressing concern as they have been in earlier years. Broadly, they show that the volume of exports in the first eight months of this year is about 4 per cent higher than the average for 1977; the figures for manufactures is about 2¾ per cent. Since recent surveys suggest an upturn in the coming months, these figures should comfortably be bettered in the remainder of this year.

A volume growth of 5 per cent in total exports will be broadly in line with the growth of world trade, though the trend for manufactures is hardly exciting, and the figures make what is at first sight a sad contrast with last year's achievement of an 8 per cent volume increase, or the 7 per cent rise in import volume this year. However, a consumer boom always tends to produce such contrasts. If there is nothing to celebrate here, there is little to worry about either.

Of course the improvement in merchandise trade is badly needed, since the invisible account is steadily weakening. Rising net contributions to the EEC budget, and the high cost of servicing foreign borrowings, rule out any early improvement on this side. However the oil deficit, though it is now less than half the 1976 average in money terms, has already reached nearly £1bn this year—a burden which will in due course be eliminated from the visible trade account. The whole picture supports the generalisation made by the Bank of England yesterday: we are about as well placed as other countries. That fact owes more to good luck than to good management, but it is a long time since such a thing could be said. If rising real incomes and a respite from crises now enables us to raise our industrial performance a little nearer to that of our trade partners, we will be rather better and much more securely placed.

The one crisis which has so far threatened this year has been over monetary management: but by now anyone who takes the money supply figures at their face value might accuse the authorities of overkill. The broadly defined money supply has recently been growing at an annual rate of only 3½ per cent, and domestic credit has grown at only a little over £320m a month since the beginning of the financial year, more than £200m below the rate envisaged in official policy.

Both the Bank of England and the markets know better than to take such figures seriously. First, it has always been clear that the major strains would appear later in the year. The Government has to finance large tax rebates and a rise in pensions and child benefit in November, so that the fact that the public sector borrowing requirement was over-funded by some £1bn in mid-August represents no more than prudent housekeeping.

No room

The one figure which has not so far been seriously distorted by the imposition of the corset or by transactions in the discount market is the total for sterling lending to private borrowers. There probably were distortions during the acute money market squeeze, when some overdraft funds may have been relent on the interbank market, which means that the apparent fall in loan demand since July is itself deceptive; the monthly average of over £500m is a better guide to the trend.

This leaves no room for any public sector finance from the banks if DCE is to remain within its £6½bn limit. It is this prospect which has kept long interest rates high despite the prospect of falling inflation, and is ensuring that the servicing of the borrowing requirement is likely to be even more costly than was envisaged at the time of the Budget. Monetary control can be achieved, but we will be paying the bills for years to come.

Protectionism in shipping

ONE OF the issues in the North South dialogue which has caused great bitterness and misunderstanding is the so-called UNCTAD Code for liner shipping, which represents an attempt by the developing countries to reduce the power of the shipping conferences and to enhance the position of their own national fleets. The Code, drafted at the 1974 United Nations Conference on Trade and Development, provides that the shipping of cargoes should be shared between the importing country, the exporting country and third countries in the proportion 40:40:20. The Code can only come into effect when it is ratified by states accounting for 25 per cent of world liner tonnage. This figure will be reached if the EEC gives its support and there is now a strong body of opinion among the nine member countries which argues for accepting the Code, albeit with some modifications. The UK, which opposes it, is looking increasingly isolated; a final decision is due later this year.

Radical

The developing countries have long been dissatisfied with the operations of the liner conferences, which, they felt, kept freight rates too high and prevented their national shipping lines from obtaining an appropriate share of the cargoes going to and from their countries. A number of attempts were made to meet these objections, including the establishment of new codes of practice, but a head of political steam was built up behind more radical proposals. The traditional cross traders, such as the UK, Sweden and Norway, have consistently argued against the subordination of normal commercial principles to an arbitrary sharing-out of cargoes.

As on several other North-South problems, there is considerable disagreement among the developed countries about the UNCTAD Code. Within the EEC the Council of Ministers instructed the Commission to work out a common approach and a draft regulation was submitted at the end of last year. This envisages ratification of the Code by the EEC, but it also provides for adoption of a wider definition within the Community of the concept of "national shipping line" and it preserves within the Community, and if possible in the rest of OECD, a commercial approach to the allocation of cargo.

This is regarded by its supporters as an acceptable compromise; it should reduce the scope for unilateral and bilateral arrangements which are often contrary to the interests of shipowners. As Mr. Richard Burke, the commissioner responsible for shipping policy, put it recently, "developing countries would be able to carry a guaranteed proportion of their liner trade; the carriage of intra-OECD trade by OECD shipowners would continue to be organised on a liberal basis; and the provisions of the Code could usefully be applied to state-trading country owners where these operate within liner conferences."

One of the supporting arguments is that without an international agreement unilateral action by governments will create a far more difficult situation for cross traders than the UNCTAD Code itself. It is also suggested that failure to ratify the Code at the next UNCTAD meeting in May will create such ill-will among developing countries that they will be forced to adopt even more extreme measures. Yet none of this adds up to a satisfactory case for accepting a protectionist device which, like other forms of protectionism, will impose an unnecessary cost on the world economy. If the UK continues to fight for a more liberal approach to world shipping, it will no doubt be accused of undermining European unity, but on this issue the British stand is the correct one.

A new team takes over at Massey-Ferguson

BY STEWART FLEMING, in Toronto

LAST Friday Victor A. Rice—a 37-year-old Englishman whose formal education ended at 16 when he left Barnet Abbey grammar school in Essex for an office job with Ford at Dagenham—stood outside the door to the Boardroom of Massey-Ferguson, the most international of the world's big three farm machinery manufacturers and with world-wide sales of 2.8bn dollars.

As he tells it, he was waiting to be called in, in his role as Corporation Vice-President Operations, to make his regular presentation to the Board of the financially troubled Canadian company on financial and budgetary developments.

By the end of the meeting he had emerged as a director of Massey, chief operating officer and president—successor to Mr. Albert A. Thornbrough. Mr. Thornbrough had held the post of president for the previous 22 years and is generally credited with the vision which transformed Massey into the far-flung multinational it is today.

But if Mr. Rice was surprised at the decision, as he says he was, and if outsiders are still not sure what to make of a situation in which Mr. Thornbrough remains as deputy chairman and chief executive officer, those who have followed the company over the past few months are growing more and more accustomed to new and startling developments.

In five months three vice-presidents in charge of some of Massey's most important operating areas including North and South America and Europe have quit. These moves may in part have been influenced by a strategic decision to concentrate more control of the company at its Toronto headquarters.

At the same time, Mr. A. Bruce Matthews, who took over as chairman of Massey in April following the death of Mr. John McDougald, resigned four months later and was quoted as saying that the burden of the post was too much for him. He was succeeded by Mr. Conrad Black, a 34-year-old history and law school graduate with little direct experience of Massey's business. Mr. Black had joined the board in April. Mr. Black's appointment as chairman is said to owe much to the indirect influence of two ageing widows of founders of one of Canada's most powerful concerns, Argus Corporation, which controls some 16.4 per cent of Massey's equity.

While the management and boardroom upheavals were taking place the financial crisis which has his Massey over the past 18 months deepened. By the end of the third quarter in July the company's debts had grown to a crushing $1.3bn against equity of $650m, and its losses and provisions for the first nine months had increased to $145m. The company had to stop paying dividends in February and its operations are now hedged in by restrictive covenants with its lenders.

Mr. Rice says that the benefits of decisions which have necessitated heavy provisions—such as the $20m set aside for redundancy payments—will only flow through in the future. He is boldly predicting a return to profitability in the fiscal year ending October, 1979. But he concedes that further financial provisions will be disclosed in the company's figures for the fourth quarter of 1978.

Massey's shareholders, who have seen the value of their stock plummet from a peak of $32 in 1976 to just over $11 now — and the company's lenders—must be asking themselves how the company got itself into this position and wondering how Massey is getting itself out of it. With planned redundancies of 9,000 in the current fiscal year to October, which will take Massey's workforce down to 58,000, and further retrenchment clearly on the cards, employees (including some 38,000 in Europe) are no doubt equally worried about events in Toronto. The company's spread with operations in countries as far apart as Brazil, Libya and Poland, and the importance of its farm-related business are both so great that it would be no surprise if some governments were also not anxious observers. Massey, for example, supplies about half the tractors in Brazil and is a major supplier in several other developing countries.

Massey's problems have been growing for several years. In part they reflect simply the vagaries of what has always been a cyclical industry, the sale of tractors, combine harvesters and other farm machinery, and in part they reflect its rapid expansion. By the mid-1970s the company's decision a decade or more before to look outside North America for growth rather than concentrate mainly on attacking the industry leaders John Deere and International Harvester on their home ground seemed to be paying off handsomely.

By 1975 sales revenues which had been only $850m in 1968 had soared to $2.5bn. Net income had risen over the same period from $26m to $95m. But the company's expansion was financed largely by borrowing, with management never feeling justified in raising equity because of a sluggish share price performance.

Thus in 1977 a downturn in agricultural equipment demand in several major markets including North America and Brazil, and soaring inventories, began to expose the company's excessive dependence on debt.

Its problems had been aggravated by specific difficulties in certain important areas. These include tight farm credit in Brazil, Argentina and a damaging ten week strike at its giant tractor plant at Coventry in England.

But perhaps the most savage blow has been the disastrous diversification into construction equipment manufacturing, and in particular the purchase in 1974 of Rheinstahl Hanomag, a leading German company in this field, which Massey is now trying without success to sell.

In the first nine months of the current fiscal year this company's operations already account for about $39m of the losses in a division which has total assets of under $250m. Initially according to Mr. Rice the diversification was seen as a move which would help offset the cyclical nature of Massey's farm equipment business. It would, he said, also allow Massey to jump a stage in the development of its existing construction equipment operations. He says that Hanomag had an advanced product line but little in the way of international sales.

But he says "classic" errors were made, including a failure to appreciate that Massey's world farm equipment dealer network could not readily be used to sell construction equipment which is essentially sold in towns. Another misunderstanding was a failure to recognise that construction equipment, despite some overlaps, is generally heavier than farm equipment and therefore presents different engineering and production problems.

Mr. Rice says the company could have dealt with the difficulties at Hanomag if it had not been for the excessive debt burden with which it was already struggling. He adds that the aim now is to concentrate construction equipment in Germany and bring the business into profit and then sell it. Closing it down he suggests would be too expensive.

The company's development over the past decade: its rapid expansion coupled with its decision to give greater autonomy to its major subsidiaries operating in far flung geographic regions, and the failure to contain the cancerous growth of debt raises doubts about past management of the company. Some observers have suggested for example that Massey had early warning of the dangers of a heavy debt burden in a cyclical business in 1969 when it also made serious losses. In particular however it raises questions about the monitoring role which has been played by the company's board of directors. There are suggestions that the board has hitherto been too inactive, a weakness which may have previously been rooted in part of the interlocking board membership with Argus Corporation.

Certainly Rice, who is blunt and outspoken on some of these questions, suggests that the company has been lacking discipline and has shown a poor sense of direction. He says "certain disciplines are required in providing assets and in ensuring a return is earned on those assets." These he suggests include a willingness to go out and tell management that a particular return on assets is unacceptable in the company's particular circumstances.

He says he places heavy emphasis on the return on assets criterion and in particular on investing in projects which will produce an early return. He suggests that the company has in the past tended to spread its net too wide for the resources available to it partly because of a lack of a "single discipline path."

Mr. Rice makes no bones about the fact that Massey is overburdened with debt and that it will have to dispose of peripheral activities. Indeed it is already disposing of some of them in order to generate cash. He says however that since last October when he became vice-president of staff operations he has been closely involved in strategic changes in the company's operations plans. One of these he adds is to concentrate on the businesses it knows best, farm equipment, industrial equipment, and mainly through its Perkins operations in Britain, diesel engines.

Mr. Rice himself speaks of Massey being run by a "triumvirate" or "holy trinity" of the recently appointed chairman, Mr. Black, himself and Mr. Thornbrough, adding he is unable to say because of this whom he reports to. Describing Mr. Thornbrough as a man with a wealth of past experience to draw on, he insists that his role will be an advisory one. In Toronto's tight financial community speculation centres on the belief that the replacement of Mr. Thornbrough by Mr. Rice is related to developments earlier this year at two other companies and that the world is seeing just what Mr. Rice calls not a transition in the company's management but a revolution.

About midyear Mr. Black took control of Ravelston Corporation, a private firm which controls about 62 per cent of Argus Corporation. Argus's 16 per cent holding in Massey, which Massey insiders suggest in the past has been enough to give the controller of Argus (now Mr Black and his brother) effective control of Massey. (Argus also has large minority stakes in several other major Canadian companies including Dominion Stores the large supermarket chain.)

If this interpretation of events is correct then Mr. Black, through his position as a controller of Argus voting shares, has been able to build up his influence in Massey since his appointment to it in April to the point where he and his supporters can play a major role in its affairs. But the question which some Massey executives ask is just how active a role does Mr. Black intend to play as chairman? It is a question which is in no doubt also being asked in the board rooms of other major companies in which Argus has important stakes.

Victor Rice (left), the new president of Massey-Ferguson, intends to impose tighter financial disciplines on the company. He says that mistakes have been made, particularly the move into construction equipment, and that the company should in future concentrate on the businesses it knows best. Rice's predecessor as president, Albert Thornbrough (right) was appointed to the job in 1956. He guided the company through a remarkable period of international growth, concentrated at first in Europe but extending to many other countries. "Our most evident characteristic," he once said, "is that we live and think internationally, perhaps uniquely so in some respects."

HOW THE COMPANY HAS GROWN

SALES BY MARKET

	1977 $m	1977 %	1968 $m	1968 %
North America	840	29.9	323	38.1
Europe	1,053	37.6	313	36.9
Latin America	456	16.2	61	7.2
Africa	168	6.0	58	6.8
Asia	167	6.0	33	3.9
Australasia	121	4.3	60	7.1
TOTAL	2,805	100.0	848	100.0

SALES BY PRODUCT

	1977 $m	1977 %	1968 $m	1968 %
Farm machinery	1,961	69.9	628	74.1
Industrial and consruction machinery	398	14.2	98	11.6
Engines	387	13.8	103	12.1
Other	60	2.1	19	2.2
TOTAL	2,805	100.0	848	100.0

Massey-Ferguson produces about 20 per cent of all farm tractors made in the West. Unlike its rivals, such as International Harvester and John Deere, the bulk of its production and sales is outside North America. Europe, principally the UK, is the main manufacturing base, but Massey-Ferguson has moved aggressively into a number of developing countries. It has large investments in Brazil and Argentina, is engaged on a major project in Poland and regularly competes for new manufacturing ventures in the third world. Massey's farm machinery is made in 90 factories in 30 countries, half of which are developing countries.

Massey-Ferguson has long been a leader in backhoe loaders (based on tractor components), but the big push into construction equipment came in the late 1960s and early 1970s. The policy was to establish the company as a "full-line" supplier of the main types of machinery, to be achieved partly by internal development and partly by acqisition. New plants were built at Aprilia in Italy and at Knowsley in the UK and in 1974 came the purchase of Hanomag in Germany, providing, as a senior executive said last year, "a proved product line which pulled our sales capability ahead by four years"; this included large crawler loaders, excavators and wheeel loaders.

MAIN EUROPEAN PLANTS

UK (total employment 19,650)
Coventry—tractors, axles, gearboxes, components
Baginton—tractor components
Kilmarnock—combines, mowers, accessories
Knowsley—backhoe loaders
Manchester—loaders, components
Peterborough (Perkins)—engines

FRANCE (total employment 6,400)
Beauvais—tractors, components
Marquette—combines, balers, cabs
Genainville—engine assem[bly]

WEST GERMANY (total employment 5,100)
Eschwege—gearboxes, compo[nents]
Landau—tractors, impleme[nts]
Hanover—construction equip[ment]

ITALY (total employment 3.[...])
Como—tractor componen[ts]
Fabbrico—tractors
Aprilia—construction equip[ment]
Ravenna—excavators, compo[nents]

MEN AND MATTERS

Liberal thoughts on campaigning

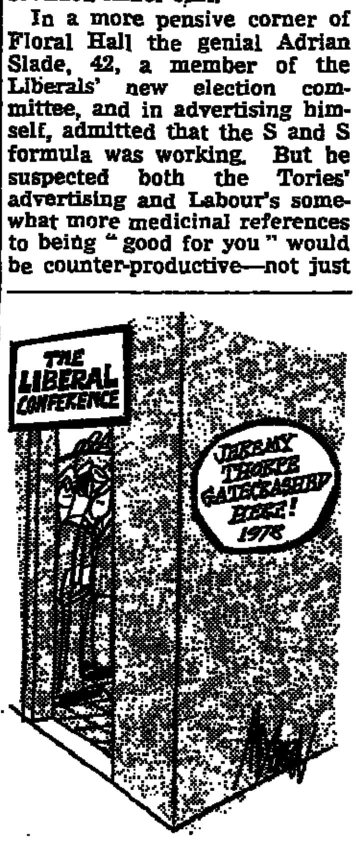
It's a weary way from London to Southport, but the sea breezes were invigorating—as was the speech of Cyril Smith, who talked on strategy just before the ex-leader Jeremy Thorpe made his entrance.

Some interesting images were conjured up by Smith, who, no dwarf, called for a "mammoth, octupus-like campaign," with him then making the traditional reference to Jo Grimond's "sounds of gunfire"—presumably for balance's sake. If that had a slight air of whistling into the wind, one would-be Liberal MP who joked at the expense of Saatchi and Saatchi — "snatchi and grabbi" — sounded lamer still.

In a more pensive corner of Floral Hall the genial Adrian Slade, 42, a member of the Liberals' new election committee, and in advertising himself, admitted that the S and S formula was working. But he suspected both the Tories' advertising and Labour's somewhat more medicinal references to being "good for you" would be counter-productive—not just for both major parties but for politics generally.

"They have failed to take account of the fact that people don't like personal abuse and slanging. All they are doing is compounding what people think about politics anyway," says Slade, who four years ago secured 22 per cent of the votes in Putney by more traditional methods. "Anyway even if we wanted we could not afford to follow them."

The consoling thought for the leader of the party's executive, Geoff Tordoff, was that "We've got real people to use." And he added: "Three weeks exposure of David Steel is worth a lot more than three weeks of Maggie Thatcher. I think Saatchi and Saatchi have been very tactical in keeping her out of the picture at the moment."



Godot arrives

After the somewhat macabre week of waiting-for-Thorpe, his arrival yesterday was distinctly anti-climattic—as with having a painful tooth removed, the patients soon began to wonder what all the fuss had been about.

The party's ex-leader arrived at the end of the conference debate on future strategy. It was tax time and half the audience on their feet for that reason when their ex-leader advanced smiling on to the stage. A single voice called out "welcome back, Jeremy," and there were some cheers. But these seemed generally without passion, as were the chants of "press out!"

The photographers had crowded to the fore and, just as gossip had drowned the run up to the conference, the flash-bulbs were swamping the hapless first speaker in the education debate. But soon the conference had returned to its version of order, with the man seemingly least moved being—dapper as ever—Thorpe himself.

Food for thought

Against a background of frenetic scrums of reporters forming round every Liberal delegate prepared to comment on the Thorpe saga, portly gastronome Clement Freud stood firm and waxed philosophical. "The trouble with my colleagues," he observed to me, "is that they treat the Press as psychiatrists and say 'Don't quote me.' If they don't want to be quoted why to they say anything?"

Liberal spokesmen at Southport had been busy fending off questions about why only the foreign Press had been invited to a hotel conference on liberalism in Europe. The conference was to help Liberals of Europe unite in European elections, and the party is not sure whether their former leader, expected to attend, will help in this worthy cause. However, Freud at least had his thoughts elsewhere.

"I would be in New Orleans for the Ali-Spinks fight if it werent for all this," he told me. Then in best Heath style he resumed signing copies of Freud on Food—the only apolitical publication on sale at the Southport Floral Hall.

Ali fights on

Freud may have been stuck in Southport, but from New Orleans I hear that even Mohammed Ali is being drowned out by the sound of hyperboles being honed down as The Greatest prepares for tonight's bid to win back the world heavyweight title which Leon Spinks so rudely snatched from him in Las Vegas this February.

Ali is, of course, the Greatest Boxer Ever, and this will be the Greatest Boxing Match Ever. The tee-shirts and posters being hawked throughout the town bear the legend "The Second Battle of New Orleans"—the British lost the first one.

The fight is taking place in the New Orleans Superdome, which, you may not be surprised to hear has been called the Eighth Wonder of the World, a Modern Miracle and the Greatest Building in the History of the Entire World.

The size of the Superdome came in handy yesterday when The Greatest insisted on introducing his enormous entourage to the Press. Of New Orleans' own former light heavyweight champion, Willie Pastrano, Ali modestly said, he was the "man who showed me how to dance."

More pointedly, The Greatest said that Pastrano, like other whites on his staff, could be effective in dealing with racial prejudice. Slipping into his old poetic mood he added: "He has the connection and the complexion to get the protection."

New tone

Managers gathered at the Cafe Royal to hear the incoming chairman of the British Institute of Management utter his first pearls of wisdom to them were puzzled to hear him quoting the late French president, Georges Pompidou.

Leslie Tolley, a bluff northern engineer who takes up his duties next month, cited Pompidou as saying: "Deep-mined coal is only produced efficiently and continuously when it is not required."

Tolley had been talking of industrial disruption but, with the outgoing chairman of the BIM being Sir Derek Ezra of the Coal Board, some managers concluded that he was serving notice that his broom will be sweeping clean.

Just not him

Heard in a City boardroom: "The chairman is not at all pleased with his portrait. He thinks the artist has caught very little of the Napoleon in him and none of the Omar Sharif."

Observer

صورة عن الأصل

POLITICS TODAY

Political will-o'-the-wisp of growth

ONE OF the common complaints about politics is that the major parties offer the electorate no real choice: whichever you vote for it comes to much the same thing in the end.

And yet, looking back over the years, it is difficult to see how this belief could have arisen, at least in so far as it concerns what the parties promise. There is a quite remarkable consistency in what the two big parties have had to offer at successive general elections. Equally, there can be very little justification for the belief that there is not much to choose between them. When it comes to presenting their wares, the Tory and Labour Parties are utterly distinctive.

The Conservative Manifesto of 1950, for instance, promised to cut public spending. If, it suggested, there could be savings of one-tenth or even one-twentieth, "our whole financial position would be relieved and immediate reductions in taxation could be shared by all." There is no reason to believe that that is any different from the draft manifesto now said to be locked away in the Tory Central Office.

And indeed time and again the same language has been used and the same broad promises made. The 1955 Conservative Manifesto concludes with a comparison between Labour and Tories: "they rely on officialdom; we rely on enterprise. Their policy is to multiply restraints; our policy is to multiply opportunities." That sounds like Mrs. Thatcher to-day. The one real change over the years has been the progressive downgrading of foreign affairs. Otherwise one Tory Manifesto is more or less interchangeable with another.

It is much the same with the Labour Party. The emphasis on nationalisation may have shifted a bit, but it would be very difficult to mistake a Labour document for a Tory document, just as it would have been hard to confuse this week's Labour Party political broadcast with the genuine article by Saatchi and Saatchi. There are certain broad themes which the two parties have made their own. Labour stands for compassion: the Tories stand for enterprise. Labour is committed to planning the state intervention; the Tories want as little of either as possible.

Biased way

You can jut that in a more politically biased way. Winston Churchill said that the difference between the two parties was the difference between the ladder and the queue, and the distinction has also been drawn between "levelling up" and "levelling down." And, of course, there is the question of overlap. The Tories would no more say they were against compassion than the Labour Party would say it was against all forms of freedom. But in general the distinction between the parties, at least at election time, is pretty clear, and there can be little excuse for not being aware of it.

It is when a party moves into government or even just forms a new government after it has won an election that the confusion begins. In the 1950s and 1960s we had stop-go or, more accurately, go-stop. That was the process under which the parties were unable to put their policies fully into effect because of economic constraints. In the 1970s we have the U-turn which is, in fact, only a more extreme version of the same thing. A U-turn is executed when it becomes clear that a political party cannot achieve its desired aims in office by the means to which it was pledgd. Both stop-go and U-turns are sufficiently familiar to give some credence to the notion that once a party forms an administration it is not really so very different from its rival. In this sense one government is much like any other, whether Labour or Tory.

Yet unless one believes that politicians are knaves who have no intention of putting the policies they preach at election time into practice, or that they actually enjoy standing on their heads, there must be some rational explanation. Partially this is to be found in the unforeseeable—the seamen's strike, the fourfold rise in oil prices or anything else that blows a government off course, as the saying goes. But the unforeseeable is simply not enough to explain why successive British governments have failed to achieve what they promised by the means prescribed in the election manifestos, especially since governments in other countries—which have also had to face the unforeseeable—have managed over the years to do so much better.

The real explanation must lie in the fact that the parties in Britain have consistently promised too much. In particular, they have either pledged or presupposed an economic growth rate that turned out to be unsustainable for any length of time. The Conservative Manifesto of 1959, for example, said baldly: "Conservative policy is to double the British standard of living in this generation and ensure that all sections of society share in the expansion of wealth." Yet it was not very long before the growth rate had fallen back to less than 1 per cent.

The Tory commitment in 1964 was even more specific: "We shall give first priority to our policy for economic growth, so that Britain's national wealth can expand by a steady 4 per cent per year." As it happened, the Conservatives lost that election, but that may not have been the only reason why the growth rate in 1965 and 1966 was down to around 2 per cent.

The Labour Party has not always been quite as precise, but its general commitments have carried the same implications: the economy must grow fast in order to enable the Party to fulfill its promises in office. Thus the then Mr. Harold Wilson launching the 1964 campaign: "Those who are satisfied should stay with the Tories. We need men with fire in their bellies and humanity in their hearts. The choice we offer, starting today, is between standing still, clinging to the tired philosophy of a day that is gone, or moving forward in partnership and unity to a just society, to a dynamic, expanding, confident, and, above all, purposive new Britain." One may admire the rhetoric, but it turned out to have little to do with Labour's performance in office.

It is worth pausing here to note that unless one counts the present "boomlet" as a promising beginning the only real attempts at sustained high growth have taken place under the Tories—under Butler, Maudling and Barber. (For the Labour Government in the mid-1960s, Mr. George Brown, as he then was, was not allowed to try.) There may have been special circumstances which made growth at those times relatively easy, but there are two further points. As the accompanying chart shows, British growth—even at its best—was not sustained for as long as that of our industrial competitors; nor, except for very brief periods, was it as high. The Tory record is thus good only by comparison with that of Labour and not by comparison with the performance abroad, and even the Tories did not overcome the problems of stop-go nor, subsequently, of U-turns.

Examples

All that might not matter so much if anyone had drawn the lessons. There is very little evidence that this is the case. Two very recent examples come to mind. The joint TUC-Labour Party document published at the end of July and called *Into the 'Eighties* makes all sorts of broad commitments, but admits that their achievement depends on an economic growth rate of "well over 3 per cent per annum in the years ahead." Some trades unionists indeed would have liked a promise of close on 5 per cent. Yet all past experience suggests that anything like that is unattainable over a long period of time, and on the basis of what we know so far not even North Sea oil will take us into the first division.

On the other side of the political fence there is Mr. Peter Walker, a former and presumably future senior Tory Minister. Mr. Walker yesterday delivered the Iain Macleod Memorial Lecture. It is full of splendid stuff about "One Nation" and the Macmillan-Macleod tradition, and one assumes that it is only modesty that makes him attribute the phrase "the pursuit of excellence" to Iain Macleod rather than to Matthew Arnold.

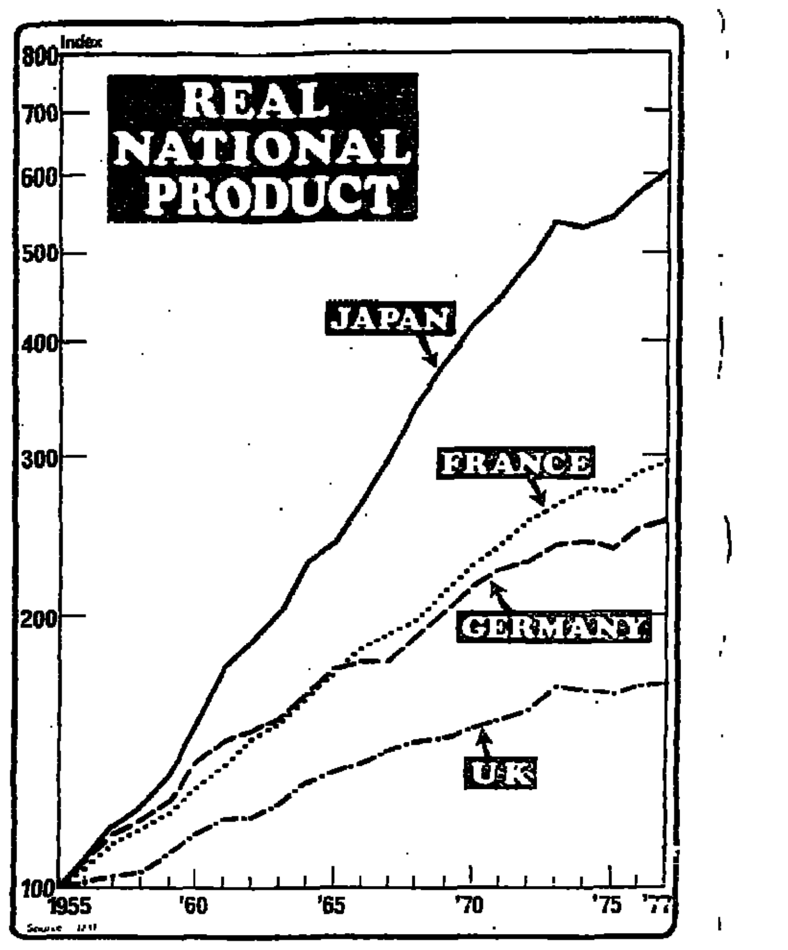
The theme is the creation in Britain of what he calls "Athens without the slaves." That too must at least presuppose a high economic growth rate. Yet there is not a word about it in the speech.

Yet if the first lesson is that by promising high growth rates the political parties constantly make pledges that they cannot fulfill, the second is that there is no paricular evidence that the British electorate wants high growth at all. After all, if the people really wanted greater productivity, they could have had it by now. There are plenty of opportunities for it to be arranged in small groups on the shop floor, in the office or wherever. But the point is that when this happens it is the exception rather than the rule. There is no great popular demand to keep up with the French, the Germans or the Japanese. Indeed the general reaction seems to be that while all those people might be better off materially, they are still French, German or Japanese and that must be a disadvantage.

As for the political parties, so long as they go on making promises based on an unattainable growth rate, they will be condemned to the process of stop-go or U-turns. One wonders whether this goes on because people have such short memories that they have forgotten all the contortions and clichés of the past, or whether they don't much care whether commitments are carried out or not. We have, after all, been through most of the known ways of pursing high growth, and failed. Most of our libraries are littered with publications like *Conviction*, *The Stagnant Society* or *What's Wrong with Britain?*

It might just be better to accept the world as it is and stop making promises that cannot be kept. Who knows? The abandonment of targets might actually lead to higher growth in the end, and at least it might concentrate the minds on those broader aims which separate the Labour and Tory parties.

Malcolm Rutherford



Letters to the Editor

Proportional representation

From Mr. Jack Campbell

Sir,—The Conservative Party proposal to use the referendum as a "safeguard against constitutional abuse" (Financial Times, September 13) is to be welcomed.

The most obvious form of constitutional abuse currently in existence is the "first past the post" electoral system used for the election of Members of Parliament and local councillors and proposed for the European and regional assembly elections which produces results bearing no relation to the wishes of the electorate. Extensive opinion sampling by independent bodies has shown that a majority of the public favour the introduction of a form of proportional representation for these elections.

It seems quite incredible, therefore, that the Conservative Party should contradict its own policy by coming out specifically against a referendum on that particular issue.

Are we to understand that the Conservative Party will use the referendum in those cases of constitutional abuse which it opposes but not in those cases of constitutional abuse which it actively promotes in its own self interest?

Jack Campbell,
Prospective Liberal Parliamentary Candidate,
Mid Sussex.
Rosemary Avenue, Steyning,
West Sussex.

Imports of cutlery

From Mr. N. A. Bilitch

Sir,—The moment I see a letter concerned with the demand for protection of domestic manufactures against foreign imports, I know that the writer will say that his industry is the victim of "unfair competition." Sure enough, the president of the Federation of British Cutlery Manufacturers (September 12) seeks to invoke the Government to come to his aid to prevent millions of UK consumers from being allowed to buy their cutlery from overseas at "unfair prices" he thinks we ought not be allowed to enjoy.

I am sure "voluntary restraint" is a nonsense. Why should I or any other of the nation's consumers be obliged to exercise restraint solely in the interest of Mr. Price's members? Perhaps, like the motor car industry he refers to, his own industry is just plain inefficient, and that the Koreans, like the Japanese, have noted this fact, and are now obliging millions of grateful UK citizens with low-priced cutlery of acceptable standard. They are happy, we are satisfied; only Mr. Price and his federation are grumbling. What he is demanding of the British Government is that quotas should be introduced to satisfy the claims of a tiny minority at the expense of the rest of us. With so many producers claiming protection against foreign bargains, no wonder the cost of living is constantly out of control—with wage demands a daily phenomena. When all are protected, no one is protected.

N. A. Bilitch.
Rusholme Road, SW15.

Conserving oil and gas

From Mr. John Goodland

Sir,—Government spokesmen are still going on about the alleged need "to press ahead for UK net self-sufficiency in oil and gas as quickly as possible" (Dr. Dickson Mabon, reported by your Energy Correspondent, September 12).

I wonder why. To confound OPEC? To appease the oil companies? To clear the way for coal and nuclear energy in the late 1980s? To deny benefits to the Tories? To use it up before our Community partners lay claim to a share?

Quick exploitation is at odds with long-term conservation, especially as more oil in the next few years means less gas later, because of flaring.

Curiously, British Gas (perhaps in some new-found conservationist wisdom) is moving rapidly away from self-sufficiency through its purchase of captive, but comparatively much more expensive, natural gas from the Norwegian shelf, a trend likely to accelerate until our quite fictitious premium market is bursting at its seams. So much for all those proud half-page advertisements a few years ago announcing that "Natural Gas is British!"

Should we not, perhaps, be stocking up with cheap OPEC or USSR oil—and Iranian or Algerian gas—whilst the going is good, keeping North Sea reserves as reserves against the time world reserves start giving out (and fought over).

On the other hand, if we have an over-riding need for foreign exchange, and Community goodwill, the way is open to export surplus gas to the Continent (as Kevin Donne indicates, September 13). And that applies also to oil, too good to burn in our power stations.

John Goodland,
Down House,
Pyleigh,
Taunton, Somerset.

The Fourth Directive

From Mr. George Eccles.

Sir,—Mr. Simmons in his letter—"Company Law and the EEC" (September 13) — appears to suggest that our economic problems will be solved if we improve profit and added value assessment criteria, and he suggests that this can be done simply by introducing inflation accounting and the Fourth EEC Directive on Company Law.

It seems to me that this is rather over-simplifying the problem. In any case, however, the assumptions he makes relating to the introduction of inflation accounting and the Fourth Directive are inaccurate.

First, he suggests that it is possible to have inflation accounting without any adjustment to the depreciation charge. While I am sure it is mathematically possible to produce accounts in this way, I suggest that it would be a relatively thankless task to do so.

Second, he says that whether or not depreciation is adjusted to take account of inflation, added value will not be affected. At present, however, there is considerable debate among accountants on whether or not depreciation should be deducted in arriving at added value. If it should, then it is nonsense that the size of the depreciation charge will not affect added value.

Third, he states that the Fourth Directive will require UK companies to revert to the practices prevalent before the 60s of showing all sources of finance on the same side of the balance sheet and not netting current liabilities against current assets. This assumes, however, that the UK Government will choose the horizontal balance sheet layout (Article 9) and not the vertical balance sheet layout (Article 10). In fact, it would seem far more likely that the UK Government will either allow both layouts, or choose the vertical layout (since this most closely corresponds with present practice). Whichever layout is chosen, the same information must be disclosed.

George Eccles.
6 Kinnerton Place North,
Kinnerton Street, SW1.

Hosts and guests

From Mr. D. J. Kinnersley

Sir,—Can you find space for at least one voice of a regular worker in central London to be pitched against Mr. Nicholas Baker's philistine claims (September 13) that we want no more tourists?

The 18th century had the Grand Tour for sons of the aristocracy—and a few enterprising daughters. The first generation of young people who can (thanks in large part to the excellent and now-honoured F. Laker) really crowd our pavements and trains surely will gain international understanding the more valuable on account of their numbers. Isn't it 40 years or more since Auden wrote "August for the people and their favourite islands"? How far back would Mr. Baker like to put the clock?

As to politicians and inner cities, Roman emperors bribed the people with bread and circuses. Ours can only do this if they get the visitors to come to see the circuses thereby helping to pay for the bread imports. The one change called for is to stop calling the result "invisibles" in the balance of payments.

In any event the hospitality of the host incurring some trouble to put his guests at ease is surely a civilised tradition rooted in deeper considerations than whether we can afford to shut the door on them. If we had to forego being guests elsewhere to avoid being hosts here, my family would certainly feel themselves the losers.

Finally, as to pollution, may one tell Mr. Baker that much of the Mediterranean (which he presumably never visits) has far less adequate sewage works than the Thames now happily has. American visitors say also how clean they find London streets compared to New York.

D. J. Kinnersley.
28 Stanley Hill Avenue,
Amersham, Bucks.

Non-executive directors

From the Director,
Oxford Centre for
Management Studies

Sir,—Having just completed a study of the role of non-executive directors in British companies and the potential for audit committees, I applaud the letter of Mr. D. H. Cairns (September 11). He is concerned lest an "ill-thought-out campaign (for audit committees) forces all companies to pay a price for the misdeeds and failings of a few."

My own study suggests there is a vital role for non-exeutive directors but only in those companies where the chairman's style permits them to operate at their full potential. There is also a case for audit committees in companies where there are first class non-executive directors who are genuinely independent of the company and its executive management and where the chairman's approach allows a degree of independence in direction. Unfortunately, this is likely to mean that in British companies audit committees will be formed where they are least needed.

Mr. Cairns also suggests that talented non-executive directors are scarce. This may well be true at the present time but I am a strong advocate of boardroom discussions which would consider whether there might not be alternatives which we do not traditionally consider. What about short-term directorships limited specifically to three years. There is much talent and experience around if one searches for it. It is necessary, however, to separate status and reward from real contribution.

Ultimately of course we have to face up to the real issue which is neither non-executive directors, nor audit committees—nor even industrial democracy—it is corporate governance: whether or not the 19th century model we continue to adapt in the latter part of the 20th century is really a suitable vehicle for the organisation of work and the generation of wealth in the 21st.

R. I. Tricker.
Kennington, Oxford.

Telephone manners

From Mr. C. J. Hanaway

Sir,—I have read with much interest the letters of Messrs. Griffiths/Wilkins on telephone manners and I thoroughly endorse every word written. The Post Office make a fortune through phone users' inefficiency and lack of thought. When I place a business call requesting to speak to a certain person or department of another company invariably one is requested to "hold on," thus valuable business time and money is lost for the benefit of the Post Office.

Having had 10 years of business experience in the U.S. I found the difference in phone manners quite remarkable. There businessmen, no matter what their rank in the pecking order, will place their own calls, thus bypassing secretaries and operators. Furthermore, if one is phoning another company requesting to speak to one certain person/department, if either is not available immediately the operator will request your number for the person/department to return your call thus saving time and money for both parties. I suggest the GPO could do much to educate all phone users how to use phones efficiently. However, let's face it, the "status quo" suits them fine. Another aspect to consider also, if we become efficient, fewer secretaries and operators would be needed.

C. J. Hanaway.
Eureka, Brighton Road,
Pease Pottage, Sussex.

Who is calling please?

From Mr. J. G. Thorn.

Sir,—Your recent correspondence concerning telephone manners clearly affects all of us, particularly in relation to asking "Who is calling, please?" (or, unforgivably, "Who is it?").

It is clearly important to know who is calling before taking the call, but can we afford to upset the valued caller who might quite reasonably consider this bad manners ("nosiness" in the words of Mr. D. C. Wilkins, letter of September 13)?

I recently had the pleasure of working with a company in California who, I think, solved this problem very neatly. They always answered the telephone with a breezy "Good Morning," or whatever, followed by a quite sincere "Thank you for calling XYZ company. May I ask who is calling?"

Such unexpected politeness always seemed to produce the caller's name without hesitation or concern—while still allowing the caller to preserve his anonymity with dignity if so wished. No one was ever offended.

Needless to say, this is not only a matter of good manners. Our forefathers put it rather well: "M a n n e r e s Makyeth Moneye!"

J. G. Thorn.
60, Three Elms Road, Hereford.

Where are you from?

From Mr. Ian M. Dixon

Sir,—May I add just one more grumble—that of being asked, after already having given one's name, "Where are you from?"

My own replies vary from the geographical to the biological, depending on the tartness of the inquirer: but perhaps your readers could come up with the ultimate crusher.

Ian N. Dixon.
"Ranmoor,"
Bonville Road,
Altrincham, Cheshire.

Driving at safe speeds

From Mr. B. R. Bligh

Sir,—The suggestion of some of your correspondents that motoring speed limits should be raised to 85 mph is dangerous nonsense. The kinetic energy of a vehicle at 85 mph is double that of one at 60 mph and all this energy must be dissipated as heat when the vehicle stops. In an emergency this heat is generated between the tyres and the road.

The kinetic energy of a typical car at 85 mph is 866,000 joules, which is enough heat to melt 3 kg of rubber (and this does not include any energy in the engine). This proves that an emergency stop for such a car will cause it to skid on molten rubber. Anyone who doubts this needs only look at the skid marks at any car crash. Talk of "the competent driver" is not relevant because even the most judicious driver cannot alter the laws of physics.

Note that even slowing down from 85 mph to 60 mph generates 433,000 joules, which is likely to cause a skid.

I am well aware that it is the most difficult thing in the world to persuade the fast driver that he is driving dangerously, and I will conclude by appealing to his bank balance. Fast driving not only uses up a lot of petrol, but it also wears out tyres and brake linings quickly. By careful driving I have no difficulty in making my tyres and brake linings last for 30,000 miles, when many drivers only manage about half that distance.

B. R. Bligh.
4, St. James's Avenue,
Hampton Hill, Middlesex.

Today's Events

GENERAL

Liberal Party Conference in Southport continues.

Retail prices index (August).

Second day of talks between Chancellor Helmut Schmidt and President Giscard d'Estaing at Aachen, including discussion of proposed new European monetary system.

Mr. Stanley Clinton Davis, Trade Unde-Secretary responsible for shipping, visits Copenhagen, for talks on proposed EEC liner shipping code.

Two-day National Consumer Congress opens at Edinburgh University.

Mr. John Silkin, Minister of Agriculture and Fisheries, addresses fishermen in Aberdeen.

Sir Peter Vanneck, Lord Mayor of London, visits Northern Ireland.

Experimental motorway link-road to M1 opens near Chesterfield.

International autumn fair opens in Zagreb, Yugoslavia.

International Law of the Sea Conference concludes in New York.

European Parliament session closes in Luxembourg.

OFFICIAL STATISTICS

Cyclical indicators for the UK economy (August).

COMPANY RESULTS

Interim dividends: Breedon and Cloud Hill Lime Works. Guest Keen and Nettlefolds. Liberty and Co. Prince of Wales Hotels. Rolls-Royce Motor Holdings. Williams and James (Engineers).

Interim figures only: Alexanders Holdings. Francis Shaw and Co.

COMPANY MEETINGS

Brady Inds., New Islington Works, Manchester, 12. Bevan (D. F.), Midland Hotel, Birmingham, 12.15. Common Market Trust, 7, Library Place, St. Helier, Jersey, 12.30. Cowan de Groot, Abercorn Rooms, EC, 12. Howden, 195, Scotland Street, Glasgow, 12. LRC Intl., London Press Centre, New Street Square, EC, 12. RFD, Winchester House, EC, 12. W Ransom, 104, Bancroft, Hitchin, Herts., 2.30. Trafford Carpets, Mosley Road, Trafford Park, Manchester, 12.45.

COMPANY NEWS + COMMENT

Dalgety finishes £7.3m ahead-£17.7m rights

ON REPORTING their results for the year to June 30, 1978, the directors of Dalgety also announce proposals for a £17.7m rights issue.

Pre-tax profits finished at a peak £24.4m against £17.1m with a second half jump—up £5.4m to £14.4m. Turnover for the full period was ahead from £725.1m to £787.1m.

The directors say that with the promise of improved results from Australia and New Zealand, they expect the balance of profits in the current year to reflect more accurately the worldwide balance of investment. Given that this is coupled with continuing growth in the group's Northern Hemisphere operations, they view the 1978-79 year with confidence.

Earnings per £1 share are shown to be up from 31.2p to 38.5p and the dividend is increased to 13.0392p (11.6769p) net, with a final payment of 6.6322p. The directors expect to recommend a total dividend for the current year of not less than 24p gross, an increase of some 23 per cent on the total for 1977-78.

In the event of new legislation after July 31, 1979, continuing the restriction on dividends, the company will make the appropriate application to the Treasury for the proposed increase.

Net assets per share are given as 412p (440p).

The rights issue is of 6,939,997 ordinary £1 shares at 265p on the basis of two-for-11; the issue has been underwritten.

In 1977 the company raised £11.9m by way of a rights issue the proceeds of which were spent on fixed capital investment in the UK and in making various acquisitions.

The group's search for opportunities to improve its profit performance by fixed capital investment in its UK and overseas operations, particularly in the U.S., continues.

Currently, several further opportunities to strengthen the company's position in the food and agricultural markets and to expand and modernise production facilities have been identified.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Lyon & Lyon setback at six months

Reporting a fall in taxable earnings from £339,642 to £243,824 for the first half of 1978, the directors of Lyon and Lyon say they expect profit for the full year to be little changed from the record £0.64m last time.

Turnover by the group, which operates tank barges, builds and repairs ships and barges, deals in cars, etc., was up £0.51m to £3.49m. Profit included investment income of £24,265 (£30,370).

The net interim dividend is maintained at 2.5p. The final for 1977 was 3.5p.

After tax of £10,000 (£102,924) the net balance was marginally down at £233,824 (£236,718).

Jones & Shipman up 35% so far

WITH TURNOVER up 28 per cent to £8.53m, profits before tax of A. A. Jones and Shipman, maker of high precision machine tools, expanded 35 per cent from £828,000 to £1,117,000 for the first six months of 1978.

Mr. F. W. Brooks, the chairman, says the volume of orders received from home and overseas markets was more than sufficient to keep the company's works at full stretch. Strenuous efforts are being made to achieve higher output in order to satisfy current demand.

Attributable profits improved from £402,000 to £553,000, after tax of £570,000 (£424,000) and minority losses amounting to £6,000, against £2,000 profits.

Earnings per 25p share are better at 9.23p (6.7p) and the interim dividend is stepped up from 1.65p to 1.85p net, costing £111,000 (£99,000) — for 1977, payments totalled 5.375p from £2.25m pre-tax profits.

Noble & Lund up to £0.1m at midway

With turnover ahead from £899,380 to £1,160,187 taxable profit of Noble and Lund, engineer and machine tool maker, rose from £93,400 to £100,568 in the first half of 1978.

Mr. H. E. Noble, the chairman, says difficult trading conditions persisted in the period, which resulted in profit margins being under pressure.

Since the beginning of the year there has been an improvement in the state of the group's order books.

Earnings per 10p share are shown at 1.78p (1.64p) and the interim dividend is up from 0.231p net to 0.2345p. Last year a 0.339p final was paid on pre-tax profits of £216,000.

First half rise for D. Crouch

FOR THE first half of 1978 turnover of Derek Crouch climbed from £14.99m to £18.11m and taxable profit rose £215,000 to £1.15m.

After tax of £566,000, against £465,000, and minority interests of £4,000 (nil), attributable profit of the opencast miner, earth mover, civil engineer and builder came out as £586,000 compared with £468,000.

Earnings per 20p share are given as 6.04p against 4.83p, and the interim dividend is ahead to 1.2872p from 1.1527p. Last year a 2.786p final was paid from record profits of £2.35m.

Mr. D. C. H. Crouch, the chairman, has waived dividends totalling £15,018, representing 99 per cent of his personal entitlement.

Robt. McBride well ahead

First half 1978 taxable profits of Robert McBride (Middleton), a more than 93 per cent owned subsidiary of BP Oil—a subsidiary of British Petroleum—since July 31, 1978, show an increase from £0.79m to £1.02m. Turnover was ahead from £4.46m to £5.32m.

The directors anticipate another succesful year—profit for the whole of 1977 for this domestic bleaches and toiletrics manufacturer was a record £1.73m.

After tax of £0.56m (£0.41m) earnings are shown as 7.67p (6.18p) per 10p share. The first dividend on the 10 per cent cumulative preference shares will be paid on January 1, 1979, the directors say, in respect of the period from May 24, 1978 to December 31, 1978.

Retained profits for the six months are given as £2.22m (£2.13m) and are affected by the capitalisation of reserves of £0.8m for the purpose of making an issue of 4m ordinary 10p shares and 0.4m 10 per cent cumulative preference £1 shares to shareholders at May 5.

H. Samuel on course for peak

FOR THE half year to July 31, 1978, pre-tax profit of H. Samuel jumped from £2.04m to £2.93m, including investment income down from £353,000 to £322,000.

Directors say turnover increased 20 per cent in the period and they are confident the full-year result will be above last year's record £10.39m.

After tax of £895,000 (£623,000), net profit came out at £2.03m (£1.42m). There were extraordinary profits of £62,000 (£163,000).

Directors again intend paying an interim dividend in February. Last year the first interim was an adjusted 0.75p and a final of 4.25p net was paid.

● comment

The interim period at H. Samuel is always very quiet so the 55 per cent jump in profits on a sales rise of a fifth is not a significant pointer for the full year outcome. However, trading certainly picked up in the first six months and existing stores produced increased volume with a higher proportion of better margin gold and quality diamond jewellery sold. This pattern of trading up is obviously a reflection of the current upturn in consumer spending. The second half of the year should see a continued increase in demand and with almost £1m extra profit under its belt Samuel could produce a full year profit comfortably over £12m without much difficulty. The "A" shares rose 6p yesterday to 198p where the prospective p/e (taking a line through the interim tax charge) is a maximum 9.8. The yield could be around 5 per cent if the company goes for a cover of three times—as a close company dividend restraint rules do not apply. At that level the shares are rated in line with Samuel's competitors.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year.
Aust. and Intnl. Trust ...	2	Oct. 27	2.7	3	2.7
Arthur Bell	2.68	—	2.21	4.93	3.78
Bifurcated ....int.	1	Oct. 23	0.92*	—	2.82*
Booker McConnell ......int.	3.95	Jan.	3.5	—	7.19§
Bridon ....int.	2.3	Nov. 3	2.3	—	6.14
British Vending ....int.	0.57	Nov. 3	—	—	0.51
British Vita ....int.	1.07	Nov. 3	0.87	—	1.78
Brooks Watson ....int.	0.65	Nov. 10	0.52	—	2.08
Horace Cory ....int.	0.37(a)	Oct. 20	0.34	—	0.67
Croda ....int.	1.08	Dec. 7	0.98	—	2.17
Dalgety	6.63	Nov. 13	6.44	13.04	11.68
Derek Crouch ....int.	1.29	Oct. 30	1.15	—	3.94
Dutton-Forshaw ....int.	1.25	—	1	—	2.81
Friedland Doggart ......int.	1.34	Nov. 6	1.2	—	3.13
Harmony Gold ....int.	37(c)	Nov. 3	25	—	55
Home Charm ....int.	1.55	Oct. 30	1.29	—	3.62
Huntleigh ....int.	1.3	—	1.17	—	2.35
Johnson and Firth Brown	3.46†	—	2.96	4.76†	4.26
Jones and Shipman ...int.	1.85	Oct. 17	1.65	—	5.38
Thomas Jourdan ......int.	1.01	Oct. 13	0.99	—	2.89
Kraft Productions ......int.	0.34	Oct. 13	0.33	—	0.66
Kwahu	1.84		1.65	1.84	1.65
Lead Industries ....int.	3.3	Nov. 30	3	—	7.37
Liverpool D. P. & E. int.	3.01‡	Oct. 31	2.7	—	7.26
Lyon and Lyon ....int.	2.5	Oct. 20	2.5	—	6
McLeod Russel	13.5	Nov. 13	10	13.5	10
Magnolia Group ....int.	0.92	Oct. 2	0.85	—	2.73(b)
Minerals and Resources	8(d)	Nov. 3	8	12	12
Noble and Lund ....int.	0.23	—	0.23	—	0.77
George Oliver ....int.	0.64	Oct. 23	0.58	—	1.87
Oxley Printing ....int.	1.19	Jan. 5	1.07	—	2.48
Prince of Wales Hotels int.	0.5	Oct. 26	—	—	0.84*
Prudential ....int.	2.74	Nov. 23	2.45	—	6.71
Richards & Wallington int.	1.66	Oct. 23	1.48	—	4.51
Royal Dutch Ptrlm. ...int.	5	—	5	—	10.75
Scottish Eur. ....int.	0.4††	Dec. 15	0.3	—	1.5
Schroders ....int.	3§§	Nov. 2	3	—	11.44
"Shell" Transport ......int.	10.35¶	Nov. 6	8.82	—	15.7
Second City Props.	1.37	Nov. 4	1.18	1.93	1.73
Trafford Park	2.36	Nov. 17	2.09	4.06	3.83
J. Wilkes ....int.	1.5	Oct. 27	1.39	—	3.75
Winston Ests. ....int.	0.5**††	Nov. 1	0.41	—	1.27

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.089p for 1977. § Includes additional 0.036p now payable. ¶ Additional 0.018858p for 1977. ‖ Maximum permitted for 1978. ** Additional 0.0130495p for 1977. †† Increased to reduce disparity. §§ Additional 0.1278p for 1977. ¶¶ Additional 0.104p for 1977. ‡‡ Dutch florins throughout. (a) Additional 0.0051p for 1977. (b) Includes additional 0.028359p for 1977 now payable. (c) South African cents throughout. (d) U.S. cents throughout. (e) Includes additional 0.063p for 1977.

Bridon down at halftime but expects advance

ALTHOUGH TURNOVER was higher at £148.93m against £139.23m, pre-tax profits of Bridon dropped from £8.76m to £7.59m for the first six months of 1978.

However, compared with last year's second half profit of £2.85m, there was a significant improvement which the directors describe as "encouraging": this was due partly to the important changes made in group operations in the latter part of last year and also to improvements in some areas of activity.

They add that although low demand in other areas and the downward seasonal trend of profits will depress the profit for the second half of 1978, it now seems probable that the full year results will show some improvement over those for 1977.

Available profits for the half-year were down from £4.3m to £4.02m, after tax of £3.4m (£4.6m) and minorities. Basic earnings per 25p share are 7.38p (7.99p) and the net interim dividend is kept at 2.3p—last year's total was 6.143p.

● comment

Bridon's first half results have topped most forecasts, and the shares jumped by 8p to 116p. While trading in wire and wire rope continues to be difficult, profits — although 13 per cent lower — are much improved on last year's second half, thanks to better results from Mexico, South Africa and steel activities in the UK. When the trading environment started to deteriorate last year, Bridon was quick to rationalise its activities, especially in the U.S. where losses amounted to £2.5m in 1977. This programme, including a reduction in labour and the closure of a number of factories around the world, is beginning to take effect, so prospects for the full year must be brighter than at first thought. With at least one analyst seeing a possible £14m outcome, the company's forecast of "some improvement" on 1977's £11.6m seems overcautious. On a maintained dividend the prospective yield is eight per cent.

ISSUE NEWS

Reliance rights to raise £0.58m

A rights issue to raise £584,000 is proposed by Reliance Knitwear Group. Terms of the offer are one new ordinary 20p share for every four held at 42p each. In the market Reliance's shares closed 1p lower at 48p.

The directors say that present financial resources are adequate in their opinion for the group's existing activities. While they see sound possibilities for internal expansion, they are continually reviewing possible acquisitions and should a suitable opportunity present itself they would like to have the financial strength to take advantage of it.

The additional equity will serve to broaden the group's financial base and pave the way for further selective investment.

In the current year the directors believe prospects are good but they are not making a forecast. Current trading is described as satisfactory.

For the year to April 30, 1979, the company is forecasting a 10 per cent increase in the dividend to 3.53p per share.

Barclays Merchant Bank has underwritten the issue and brokers are Capel-Cure Myers.

The new shares are payable in full on acceptance not later than October 6. Dealings start next Monday.

LAZARD PROPERTY UNIT TRUST

The Lazard Property Unit Trust is making its next issue of units on October 2, 1978. The price per unit is £1,460 with a projected yield of 5½ per cent.

The Trust was formed over 10 years ago to enable approved pension funds and charities to make direct investments in property, without getting involved in administration, but still retaining the favourable tax status. The fund now has assets in excess of £100m with 198 unitholders.

Recently, the Trust successfully let its office development in Fetter Lane in the City of London, significantly increasing its rental income. During the year a substantial number of rent reviews have taken place, many at levels in excess of earlier estimates. The property portfolios at the last valuation in early August amounted to £81.1m. Some £9m of the funds held on deposit has been earmarked for expenditure on existing commitments and new acquisitions.

LONDON & MIDLAND

The change of date on London and Midland Industrial's convertible loan is to September 22 and not 28 as stated in yesterday's edition.

Record £13.6m at Arthur Bell

FOLLOWING A rise from £5.25m to £7.77m in the first half, pre-tax profit of Arthur Bell and Sons, Scotch whisky distiller, ended the June 30, 1978 year £4.6m higher at a peak £13.61m. Turnover increased from £120.17m to £153.06m.

Directors say demand for whisky in the UK continues to strengthen while a steady improvement in the penetration of overseas markets can be seen. As long as there are no abnormal disturbances this year they expect the whisky division profits to be at a similar level to those for 1977-78.

The profit for the year is subject to tax of £3.86m (£0.97m) leaving net profit at £9.75m (£8.03m) before a £134,000 extraordinary profit from the sale of its investment in Glenlivet Distillers. Earnings per 50p share are shown ahead from 28.26p to 29.4p, and the final dividend of 2.68223p lifts the total from 3.78346p to the maximum permitted 4.93223p net. A two-for-five scrip issue is proposed.

In the glass container division, where profits advanced from £1.17m to £1.44m, demand was less buoyant than the previous year, with sales volume down some six per cent.

Capital spending for the year was £2.1m, and this year a further £1.2m will be spent on furnace rebuilds. The company also intends to invest more money in the selling and marketing side of the glass division and indications are that the current year profit will exceed the latest result.

The transport division is expected to report a profit in the current year after cutting its loss from £136,000 to £33,000 in the latest year.

On January 1, Bell's will begin marketing its products in the U.S. after James B. Beam relinquishes the agency. Directors warn that substantial development of this competitive market must be considered a long term operation.

In the whisky division the profit was £12.21m against £7.98m previously, and home sales turnover was £28.15m ahead at £122.86m (including duty), mainly owing to a 20 per cent increase in Bell's volume and a more than 30 per cent increase for The MacKenzie.

Sales of The Dufftown-Glen single malt whisky increased per cent, and Bell's three whiskies now have more th per cent of the UK market.

Throughout the year group's distilleries operated full capacity with output 60 proof gallons higher at gallons. Sales projections cate a need to increase both put and storage capacity.

In the year export sales £3.15m to £14.41m with ex volumes 9 per cent higher.

See Lex

Bifurcated maintains £0.78m

LITTLE CHANGE in first 1978 taxable profits is rep by the directors of Bifurc Engineering with a figure £788,000 for the period ag £785,000 last time. Turnover ahead from £5.87m to £6.77r

Although they say that the to improve productivity contain ever-rising costs, paramount as ever, the expects second half profits similar to the first. Profit fo of 1977 was £1.4m.

Earnings per 25p share shown as 5.02p (5.01p) and interim dividend is effec increased from 0.9167p to 1 —last year's final payment 1.89967p.

Demand for the group's forgings showed a steady imp ment during the first qu since then it has tended to re static, the directors say. O for parts feeding and pack machinery divisions rem buoyant throughout the p they add.

	Half 1978 £000
Turnover	6,774
Trading profit	866
Bank, loan int.	20
Except. depreciation	—
Pre-tax profit	788
Tax	410
Attributable	378
Dividends	75
Retained	303

General branch profits at Pru slump to £7.8m

ŸERSE experience on the UK iestic account was the main ion for underwriting on eral insurance business of dential Assurance Company ing from a £2.2m profit to a of £4.7m in the first half of year. There is also a lower plus from the life fund of m, against £7.4m, resulting n the cost of supporting the rstatement of unit prices in the ed life subsidiary Vanbrugh and an increase in the ngth of the actuarial reserves hat company.

espite a £2m increase in investat income to £12.5m, the pre-profit from the general branch to £7.8m from £12.9m, and the surplus was nearly halved to m. Adding in the life profits other net income, total profit r tax amounted to £15.2m ipared with £17.1m in 1977. mium income on general busi-s increased by 13 per cent to l.3m, but allowing for exchange changes, and the loss of sonal injury motor insurance Quebec to the Provincial ernment the real growth was ut 18 per cent.

he company points out that underlying accrual of surplus shareholders from the life iness had continued its satis-ory progression during the iod. It had, however, to pay £0.5m to certain unitholders Vanbrugh Life to rectify takes in the unit price of ain funds and a further £1.3m set aside to strengthen the iarial reserves of the subsi-y.

he Pru, like other insurance panies, has been badly hit by winter's severe weather in UK and by persistent under-insurance on householders insurance. The company paid out £1m for storm and adverse weather claims and the underwriting loss in the period on the domestic account amounted to £3.5m.

Its minimum premium level on this business was increased as from last month and intends to introduce index linking of premiums together with the application of an underinsurance clause from the middle of next year, in order to reduce losses on this business.

Elsewhere in the UK, the motor account showed a virtual break-even position and the commercial fire account produced a good surplus, but the public liability account showed a deficiency following several years in profit, the account having to meet a number of liability claims from professional bodies.

On its overseas business, Canada produced a good underwriting result. Business in Holland and New Zealand returned to underwriting profitability, but the Australian underwriting situation worsened and the Pru is adopting a more selective approach to business on offer in both that country and in South Africa. The trading profits of the Pru's Belgium subsidiary *L'Escaut* deteriorated despite a good increase in investment income.

The company's reinsurance subsidiary Mercantile and General showed an underwriting loss despite higher premium income. In addition, there was a need to strengthen the reserves held against marine and aviation business by an amount well in excess of £1m.

The net interim dividend is raised to 2.737p (2.45p) and, following the cut in the rate of tax, an additional 0.063p is to be paid for 1977 when the final was 4.198p.

• comment

The market was not expecting much from the Pru at the half-way stage and the results turned out to be even worse than expected. The company like other UK insurers is having considerable trouble from its UK domestic householders account which suffers badly from underinsurance and was not helped by last winter's bad weather. The company is taking belated action to try and rectify the situation but the effects of index-linking will not come through until late next year. The cost of rectifying Vanbrugh's error and strengthening reserves should be a one-off exercise. Also, Mercantile and General is turning out to be a drag on shareholder's profits with yet another call to strengthen reserves. However, the second half should not repeat last year's disaster and with the UK motor account expected to continue to break even after the recent rate increase, a full year's after tax profit of £34m, compared with £31.9m, is on the cards. The share price shed 5p to 160p on the results for a gross yield of 7 per cent.

British Vita up 25% to £3.15m

TAXABLE PROFIT of British Vita Company, plastics and rubber group, rose 25 per cent from £2.53m to £3.15m in the first half of 1978, and with UK operations, apart from the tyre and rubber industries continuing to be relatively buoyant. Mr. Fernley A. Parker, the chairman, says results for the second six months should also be satisfactory.

Turnover advanced from £21.47m to £24.13m in the first half with UK sales up from £18.22m to £20.8m. UK trading profit went ahead from £657,000 to £1.31m and overseas from £511,000 to £584,000.

The associate contribution improved from £12,000 to £30,000 in the UK, but slipped from £1.59m to £1.42m overseas.

With tax down from £1.16m to £1.01m, net profit rose from £1.37m to £2.14m. Adjusted for last year's one-for-five scrip issue, earnings per 25p share are shown to have risen from 8.4p to 13.0p basic and from 8.0p to 12.2p fully diluted.

The net interim dividend is up from an adjusted 0.87p to 1.07p a share. Last year a 0.9083p final was paid on record profit of £6.18m. Mr. Parker says the directors are confident the full-year results will enable total dividends to exceed the basic 10 per cent permitted increase. For that reason, they are applying the whole of the increase to the interim dividend.

The UK profit reflects the improvement that the group's management has achieved, Mr. Parker says, and as a consequence the international profits are now contributing a lesser percentage of the group total.

International operations have continued their steady growth pattern with a corresponding increase in profitability and profits must be seen in the light of the reduction in the group's Nigerian interest from 50 per cent to 20 per cent. Had this investment continued at 50 per cent, a further £0.19m would have been added to profits.

Midway rise by National Elec.

For the first six months of 1978, profits of National Electric Construction Co., a member of the BET Group, rose from £167,583 to £199,799, before tax of £68,000 against £57,500.

The interim dividend is maintained at 5p net per share, payable November 1—last year's final was 16.5p.

Booker McConnell £2m higher

H INCREASES in the neering, spirits and liqueur agricultural divisions off-ng shortfalls *elsewhere*, tax-profit of Booker McConnell eased from £9.84m to £11.82m he first half of 1978. Turnover up from £230.49m to £266.99m.

r George Bishop, the chair-, says total profit for the first is in line with the Board's ectation of continued growth, directors consider the full result will show a satisfac-increase over last year's rd £24.98m.

is possible that profits will v a dividend recommendation ond the 10 per cent limit.

he contribution by UK com-ies to the after tax profit was er cent compared with 80 per last time (£4.02m against 7m) although the overseas does not include any contri-on from the $17m of acquis-s made in the U.S. this year. se results will be consolidated he second half.

he food division after-tax it was 36 per cent down at m despite a good increase profits from retail chemists. high street price war made ing more difficult, but the up is confident of recovering division's shortfall in the nd half.

the general engineering divi-, increased profits were rted by almost all companies, e in fluid engineering trading litions were more difficult in il.

nproved margins and in-sed sales of Tia Maria and lifted the spirits and liquer it, and the increase in the cultural division stemmed n an improvement in dividend me from overseas invest-ts as well as earnings from agement and consultancy ices.

he profit is subject to tax of 2m (£5.15m) and after in-ised minority interests of 8m (£0.59m), attributable pro-came out at £4.62m (£4.1m). arnings per 50p share are wn at 14.89p (13.71p) basic and 4p (13.3p) fully diluted. The rim dividend is up from 3.5p to 3.95p and an additional 0.056p is to be paid for last year. A 3.578p final was paid last time.

Sir George says the *balance sheet is strong and borrowings*, although increased by a $10m currency loan, are low for a business of Booker's size. Payments continue from the Guyana Govenment under the 1976 agreement to sell its businesses and the proceeds are being re-invested mainly in the U.S.

	Half year 1978 £000	1977 £000
Turnover	266,985	230,488
Trading profit	12,419	10,342
Food distribution	2,242	2,936
Fluid engineering	1,835	1,482
General engineering	2,853	1,544
Overseas trading	734	958
Spirits, liqueurs	2,983	1,797
Shipping	458	624
Agriculture	584	295
Authors	492	637
Parent company	398	428
Interest paid	601	798
Profit before tax	11,818	9,844
Tax	6,323	5,149
Net profit	5,495	4,695
To minorities†	879	595
Attributable	4,616	4,100
Extraordinary profits	136	772

†And preference dividends.

• comment

Booker McConnell's first-half figures—pre-tax profits 20 per cent higher—has exceeded market forecasts and the shares jumped 6p to 300p. A strong performance by the spirits and liqueurs division, the general and fluid engineering operations and the agricultural activities more than offset the shortfalls suffered by the food distribution, overseas trading, shipping and authors division. *Directors are confident that profit* for the full year will exceed last year's record £25m before tax but the size of the improvement depends to a large extent on the food distribution division recovering *its first half shortfall* which is the basis of the company's optimism. The impact of the engineering recovery will not be so noticeable in the second half, since the comparable period marked the start of the current trend. Some second half growth will come from the three *U.S.* acquisitions, so a full year figure of around £28m looks achievable. This gives a fully taxed prospective p/e of 6.9 and a yield (assuming maximum allowable increase) of 4 per cent.

iverpool Post hit by new echnology problems

FLECTING IN particular indus-l relations problems at its y newspapers over new tech-ogy, pre-tax profits of *Liverpool* ly Post and Echo fell from 3m to £1.94m for the 26 weeks July 1, 1978. Turnover was ad at £24.39m against £22.6m.

he directors state that agree-it has been reached for com-icement of new production hods this autumn, and they ect the full year's profit to be ilar to the £4.1m peak achieved 1977.

fter tax for the first period of (£1.05m), split as to UK m (£0.84m) and overseas m (£0.22m), earnings are n as 8.3p (8.7p) per 50p share; profit was down at £0.93m pared with £0.98m.

he net interim dividend is d from 2.698p to 3.012p and additional payment of 0.069p is ounced for 1977 on the reduction in ACT—last year's final was 4.585p.

Retailing subsidiary Ricafeg did not return a profit in the first half but with a strengthened management and a reappraisal to identify the causes of existing problems, the directors expect a second half improvement.

One of these problems is the necessity of making a reduction in the previously-stated volume of stocks held at December 31, 1977. *The matter which relates to a* number of previous years is still under investigation and the directors expect that this investigation will result in an adjustment in the region of £250,000, after tax, to the position reported at the end of 1977 and that the effect on the 1978 group result will not be material.

They add that during the second half an improvement in UK advertising volumes, leading up to Christmas, is also expected. The company has "close" status.

rooks Watson well ahead £0.86m halfway

ES of the Dublin-based Brooks tson Group improved from 82m to £40.53m in the first of 1978 and profit's before were *higher* at £855,000 com-ed with £712,000.

omparisons have been restated exclude Macnaughton's steel Reiforcement and Sylvan estments, two subsidiaries in ch the group has sold its rest.

arnings per 20p share are wn at 3.42p against 2.84p and interim dividend is increased n 0.52p to 0.65p. The total year was 2.08p from pre-tax fits of £1.51m.

fter tax of £299,000 (£223,000) minorities, £1,000 (same) the ibutable profit is £554,000 inst £487,000. An amount of 3,000 (£398,000) is retained.

he group trades as builders' vider, distributor of farm machinery and pharmaceuticals, food wholesaler, etc.

Six months progress for James Wilkes

For the first half of 1978, pre-tax profits of James Wilkes, manufacturer of business forms and equipment, progressed from £230,253 to £256,438, on turnover of £4.4m against £3.97m.

After tax of £132,000 (£119,000) net profits were £124,438 against £111,253. The net interim dividend is lifted to 1.5p (1.385p) per 25p share—last year's final was 2.365p from £471,152 taxable profits.

JFB on target with £12.26m

ALTHOUGH TRADING profit was down from £15.44m to £15.14m, lower interest charges and increased associate contributions lifted pre-tax profit of **Johnson and Firth Brown** from £11.12m to £12.26m in the June 30, 1978 year.

The result is in line with the August forecast of not less than £12m, and *improved engineering results in the year offset declines in the steel and property and investment divisions.*

Turnover for the year was ahead from £200.31m to £229.72m. At halftime profit was down from £4.56m to £4.06m pointing to a £1.65m increase in the second half.

Tax takes £2.85m against £623,000 last time and earnings per 25p share are shown at 12p (15.3p) basic and 11.6p (13.7p) diluted. The final dividend of 3.4593p is also in line with forecast for a total of 4.7593p on capital increased by a one-for-five rights issue. Last year's total was 4.2621p net.

Mr. J. M. Clay, the chairman, says that in view of the low level of demand which persisted throughout the year the Board considers the profit to be satisfactory. The balance sheet is substantially strengthened as a result of the rights issue last December with the ratio of net borrowings to shareholders' funds down from 57 per cent to 44 per cent, he says.

The trading profit of the steel division in the second half was considerably better than for the first mainly because of recoupment of some of the sales lost during the first half through industrial disputes in its own and its customers' factories.

Also, there was some limited improvement in demand from the areospace industry. Since the year-end it has completed the purchase for £2.6m of the superalloys division of Union Carbide and this substantially extends its range of specialised alloys at a time when demand for these products is improving, he says.

The rod and wire division continued to do well although profit margins came under increasing pressure as the year progressed. At the end of the financial year directors re-organised the steel wire plants, concentrating production on the most efficient locations.

The inclusion of Richard Lloyd is largely responsible for the almost doubled profits of the engineering division. The importance of this division to the group will be further enhanced if the offer for Weston-Evans Group proves successful.

The balance sheet shows year-end net current assets up from £46.22m to £65.56m, and fixed assets at £60.73m (£57.2m). Bank overdrafts are down from £12.92m to £3.97m, while short term investments and cash and bank balances are shown at 6.73m against £430,000 last time.

● comment

A 10 per cent pre-tax profits advance at **Johnson and Firth Brown** is roughly in line with market estimates. At the trading level a £2m first time contribution from British Rollmakers helped the group almost break even: on the other hand strikes may have cost about £1m in the first six months. Steel profits were consequently 15 per cent lower although rolled steel products have been reasonably resilient. Rod and wire margins slipped in the second six months but reorganisation should benefit Rigby in the coming year. Meanwhile, the property interests and investment income are little changed and the 13 per cent fall in profits here can be explained by an unrepeated property sale last time. In the current year, aerospace customers like Rolls-Royce will boost steel profits while demand from this sector makes the Superalloys Division purchase *timely*. A lower interest charge shows the benefits of the recent rights issue but below the line a much higher (but more normal) tax charge and the deficit on exceptional items has dented attributable profits. The shares at 75p, nevertheless, stand on a below average p/e for the engineering sector of 6 and yield an attractive 9.9 per cent, covered more than one and a half times.

Dutton-Forshaw jumps 68% to £2.69m midyear

A 68 PER CENT jump in taxable profits from £1.6m to £2.69m is reported by **Dutton-Forshaw Group** for the first half of 1978. Turnover grew to £92.91m against £68.86m.

Mr. Ronald Hockin, the chairman, points out that second half profits are not normally as high as the first period. *However, he* says profits for July and August this year are very satisfactory and he expects that 1978 will once again show record results.

For all the previous year, a record £3.21m profit was achieved.

The 1978 half-year figure includes profits of about £400,000 arising from the British Leyland Leadership Challenge campaign and from profits on sales of properties—the property sale profits confirm that the book values of group properties are conservative, the chairman adds.

The profits of the agricultural and construction machinery division have made a substantial contribution over and above the financing costs of the acquisition: "With the advantages of new and additional franchises already granted to us I have every confidence that this division will make an increasing contribution to group profits in future years," says Mr. Hockin.

Trading profits of Harrogate Motors acquired in May, for the first eight months of 1978 are substantially higher than for the same period in 1977 and a recent professional valuation of its properties shows a surplus of £520,000 over book value at the time of acquisition.

"We have been granted a Chrysler distribution for Cardiff and district where we hope to *commence trading very shortly.* As a result of the Chrysler amalgamation recently announced, this new enterprise presents an exciting prospect," the chairman states.

After tax of £232,000 (£158,000), half-yearly earnings expanded by £1m to £2.46m, representing 9.5p (8.5p) per 25p share. The interim dividend is stepped up from 1p to 1.25p net, absorbing £331,000 (£239,000)—last year's final was 1.805p.

The balance sheet at June 30, 1978 shows improvement in the group's liquid position and gearing—total borrowings are £1.8m lower than at the year-end and its borrowing ratio has been reduced from 0.73 to 0.57.

● comment

Dutton-Forshaw has produced some impressive half-time figures—pre-tax profits are over £1m higher. However property sales and the effects of the Superdeal campaign have boosted profits by £400,000 and the new Ford dealership chipped in some £150,000. Boiling down the figures to a comparable basis leaves them in line with outside expectations so the market reaction of dropping the price 1p to 52½p looks a harsh verdict. Rolls-Royce sales pushed ahead with a better supply position and new Leyland car sales rose by 16.5 per cent compared with an industry figure of 14 per cent. Meantime the agricultural and construction machinery division is making headway despite the lack of demand in these sectors. Overall pre-tax profits this year could come out at £5m, including property sale profits, indicating a prospective p/e of 5.6 fully taxed or 3 on the low tax charge. Also borrowings are declining with the half-year figure £1.8m lower than the £14m shown last December when shareholders' funds equalled £19.2m. With a yield of 9 per cent the shares are reasonable value though this could be a peak year for registrations and next year may be far less buoyant, though Leyland feels that UK registrations could reach 1.7m in 1979.

John Lewis sales expand by 23%

BY JAMES McDONALD

THE profit-sharing **John Lewis Partnership** — 17 department stores and 64 Waitrose supermarkets — increased its sales in the first six months to end-July by £45m, 23 per cent more than in the previous half-year.

With sales totalling £242m during the period, Mr. Peter Lewis, chairman, says: "This is a real increase in business, above any question of higher prices, of, *I should say, at least 14 per cent.*"

The number of Partners employed in the shops had scarcely changed over the period at about 23,500 workers. "That implies a real increase in productivity," says Mr. Lewis.

Trading profit during the half-year was up by 42 per cent to £16.44m and the final profit available for reinvestment and Partnership Bonus up by 77 per cent to £12.61m.

National circumstances had been favourable to retailing so far this year, says Mr. Lewis, because earnings had risen nationally by considerably more than prices. With some further help from income tax changes the public's real spendable income actually rose for the first time for some years.

But he gives a warning that the John Lewis trade may not grow as quickly for the rest of this year. "Prices and costs will creep up and our customers may be less able or less inclined to spend quite as much on their shopping. This is thought likely to happen some time within the next 12 months, but one cannot pinpoint it."

There would also be some increase in costs, so that the percentage increase in profit for the year as a whole—whatever the outcome of sales—would almost certainly be markedly lower than for the first six months.

But, because of the results to date, there were fairly high hopes for the final outcome of the financial year "as long as one remembers that not all profit can be distributed in Partnership bonus." *For last year there was* a record payout of £8.8m—18 per cent of each partner's pay.

Richards & Wallington 20% growth halfway

FROM A 10 per cent turnover increase to £16.97m, taxable profit of **Richards and Wallington**, plant hire group, rose 20 per cent from £0.85m to £1.04m in the first six months of 1978.

Mr. W. R. Richards, the chairman, says that the year has started well and its base for an upward trend in profits is firmly established. Profit levels for the *full year are in line with his last* forecast of an improvement on the 1977 total of £2.69m.

The profit includes associate contributions ahead £18,000 to £144,000 and is before tax of £158,000 (£161,000) and extraordinary debits of £34,000.

The interim dividend is ahead from 1.4825p to 1.66p. Last year a 3.0299p net per 10p share final was paid. The interim absorbs £217,000 (£194,000) leaving retained profit at £783,000 (£647,000).

Trafford Park over £1m

AS FORECAST taxable profit of **Trafford Park Estates** climbed from £803,887 to a record £1.03m for the year to June 30, 1978. Gross rental income reached £3.05m against £2.6m with rentals up from £1.56m to £1.7m and warehousing and trading from £1.04m to £1.35m.

At half-time profit was ahead to £463,115 (£358,407).

Tax for the year took £333,083 (£330,801) *leaving a net balance* of £699,935 (£473,086) for earnings per 25p share better at 8.12p (5.37p).

The net total dividend is lifted to 4.06p (3.63p) with a final of 2.36p. Ordinary dividends cost a total of £337,428 (£302,174) out of the attributable £675,988 (£446,381).

Second City Properties

FOLLOWING A downturn from £460,955 to £411,689 at midway, taxable profits of **Second City Properties** finished the April 30, 1978, year ahead at £1,031,264, compared with £902,559 last time. Turnover rose from £14.05m to £20.88m.

	1977-78 £	1976-77 £
Turnover	20,882,817	14,043,520
Profit before tax	1,031,264	902,559
Taxation	106,185	470,921
Net profit	925,079	431,638
Extraordinary credit	57,216	*166,792
Interim dividend	67,363	66,821
Proposed final	167,351	142,702
Retained	727,376	114.122

* Debit.

In their interim report, the directors said they looked forward to an uplift in profits during the second half, which would produce full-year results in line with previous years.

Basic earnings per 10p share are shown as 7.59p (3.57p) and as 6.97p (3.33p) fully diluted. A final dividend of 1.3731p lifts the total payment from 1.72615p to 1.9275p net. A one-for-10 scrip issue is also proposed.

Friedland Doggart lower

AFTER INTEREST lower at £43,000, against £120,000, pre-tax profit of **Friedland Doggart Group** dipped from £827,000 to £807,000 for the 24 weeks to June 18, 1978. The directors state that sales continue to be buoyant and they anticipate a successful outcome for the year.

In 1977 the group, which makes *domestic and industrial sound* signalling equipment, injection and compression mouldings and plastic toys, made a record profit of £1.82m.

Tax for the half year was £472,000 (£438,000) leaving net earnings of £380,000 (£389,000), out of which £70,000 (£80,000) was transferred to reserve against inflation.

The net interim dividend is raised to 1.34p (1.2p)—the final last time was 1.927p.

Huntleigh up 13% —scrip

TAXABLE PROFIT of Huntleigh Group improved by 13.3 per cent from £444,000 to £503,000 on turnover 18.8 per cent higher at £4.11m, against £3.45m for the first half of 1978. Also announcing a five-for-two scrip issue the directors say they expect that overall performance in the first six months will largely be maintained in the second half and, as forecast, should be well ahead of last year's £0.72m.

Stated earnings per 10p share were 1.2p higher at 9.7p and the net interim dividend is raised to 1.3p (1.117p). The final last time was 1.18p.

After tax of £186,000 (£165,000) the net surplus came out at £317,000 (£279,000).

The group's interest include engineering and electronics.

Schroders unchanged interim

The directors of Schroders, banking, finance, insurance and investment holding company, announce an *unchanged* net interim dividend of 3p per £1 share for the 1978 year. And they announce an additional payment of 0.1278p for 1977 on the reduction in ACT. Last year's total was 11.4401p paid from profits of £3.5m.

They state that profits for the first half of the year were lower than last year's corresponding period.

MINING NEWS

Mitsubishi buys stake in Australian coal

BY PAUL CHEESERIGHT

MITSUBISHI CORPORATION, one of the major Japanese trading houses, is to acquire a 40 per cent stake in the Ulan steaming coal mine for A$16m (£9.48m), White Industries, the owners, stated in Sydney yesterday.

The Japanese involvement will allow the mine to develop from a small underground operation to an open-pit mine producing at the rate of about 4m tonnes a year. In a wider sense, it confirms the Japanese interest in Australian steaming coal deposits, despite the scaling down of estimates of potential Japanese demand.

The purchase is subject to official approvals and will be effected by Mitsubishi Development acquiring 40 per cent of Hogan and Gorman, the White unit which holds the Ulan leases. Mitsubishi already has a 10 per cent stake in White itself, a group whose interests stretch away from coal mining to civil engineering.

The Ulan mine is 147km north west of Lithgow in New South Wales. It has 251.1m tonnes of proven reserves and 42.7m tonnes of probable reserves. At present its production is 240,000 tonnes a year.

Mitsubishi has already helped White to secure a letter of intent from Kyushu Electric Power for 4m tonnes of Ulan coal over 20 years from April, 1983. It is also assisting the search for other contracts outside Japan.

Several overseas companies companies *have looked* at Ulan, but Mitsubishi's intervention, which promises an injection of funds, is the *long-awaited catalyst* for development. Without outside aid, and a long-term contract, White did not have the financial muscle markedly to expand the scope of the operation.

The expansion now in the offing includes the construction of a railway line to connect with an existing link to the port of Newcastle.

White's formal announcement brought to an end a week of speculation on the Sydney stock market. There was a decisive jump in the share price which rose 100 cents yesterday to A$5.

Profit slides at Beralt

LOWER METAL prices have adversely affected the interim figures of Beralt Tin and Wolfram, the Portuguese producer 46.3 per cent owned by Charter Consolidated.

The company stated yesterday that net profits for the six months to June were £1.85m against £2.5m in the same period of last year, while turnover was £4.87m compared with £5.39m.

The average wolfram price in the most recent half year was *£79.98, or £23.70 below the average* price for the comparable months. Beralt was able to *this deterioration in trading* ditions to some extent increasing the tonnage sold.

Mine production has impr but labour conditions throu the half year remained unse although there has been improvement since last n following company talks wit unions.

Beralt is in the middle expansion programme inv the £1.8m takeover of Min Borralha, a French- operation north east of C and about 300 miles away the company's Panasqueira The transaction will be com towards the end of the year

The company statement ga indication of the prospect the rest of the year, but has been only a slight im ment in the last month ove average wolfram price fo first half. At the same time have been exchange loss £719,000 consequent upon th valuation of the Portugese e last May. These will be with as an extraordinary it the annual accounts.

However, funds are bein ceived in the UK on schedul the board has not changed it diction of a distribution of 4p per share later in the ye

Yesterday the shares in L were 2p lower at 53p.

Minorco maintains its final at 4.07p

MINERAL AND RESOURCES CORPORATION (Minorco), the Anglo American of South Africa unit which is registered in Bermuda, is maintaining its final dividend at eight cents (4.07p). This makes the total payment for the year to last June 12 cents, the same as in the previous year.

The declaration was accompanied yesterday by the announcement of net profits totalling $15.1m (£7.69m) against $12.7m in 1976-77, but the retained profits were reduced by extraordinary items coming to $1.57m.

The extraordinary items comprised $838,000 for the writing down of investments, $244,000 for losses on the realisation of investments and $494,000 for losses following the devlauation of the Rhodsian dollar and the Zambian kwacha.

Minorco, which has been building up its stake in Inspiration Copper, a U.S. group, wons 29 per cent of Engelhard Minerals and Chemicals and it is likely that Engelhard was the main contributor to the rise in the group's profits.

Engelhard makes most of its money through the marketing of ores and minerals by the Philipp Brothers Division and over the past year these trading activities would have been buoyant compared with many direct mining activities.

The group's exposure in the copper mining industry could scarcely have been very profitable in the light of the recession in metal prices. Minorco has a 49.98 per cent stake in Zambia Copper Investments and last March effectively took this financially ailing company under its wing.

ZCI in turn has a 49 per cent share of Nchanga Consolidated Copper Mines, the Zambian producer, which has been very hard hit by the economic conditions of the last three years.

In that quarter the net loss was Kwacha 13.8m (£8.6m) compared with a profit of Kwacha 4.1m in the same period of 1977. Sales revenue at Kwacha 101.3m was Kwacha 8.8m less than operating costs.

Lately Minorco shares have been in demand in London and yesterday the price closed 9p higher at *207p.*

EARNINGS JUMP FOR THARSIS

A sharp increase in half-yearly profits was yesterday announced by **Tharsis Sulphur and Copper**, which operates pyrites mines in the Spanish province of Huelva.

Net earnings in the six months to June were £728,529 compared with £494,765 in the same period of 1977. But this year's first-half profits were inflated because of abnormally high deliveries in June as maintenance was carried out which stopped *loading*. This means that July shipments were low and will affect the second-half figures.

No interim dividend is being declared as permission has not yet been received from the Spanish authorities to transfer the funds needed to pay the 1977 final of 6p.

Tharsis's talks with the Spanish authorities to transfer its assets to a Spanish subsidiary, in order to comply with local law, have reached an advanced stage. Yesterday the shares rose 10p to 255p.

HARMONY RAISES ITS INTERIM

Harmony, the **Barlow Rand** gold and uranium producer in the Orange Free State, yesterday declared an interim *dividend for* the year to next June of 37 cents (22.1p). This compares with 25 cents declared at this time last year and a final declared last March for 1977-78 of 30 cents.

The dividend was slightly above most market expectations but the immediate impact on the share price was slight in view of the fact that the whole South African Gold sector tended to ease in late trading yesterday on the hopes of a slackening in Middle East tension.

The shares eventually closed 15p higher at 415p.

MINCORP TO BUY COAL MINE

Mining Investment Corporation plans to acquire a private open-cast coal mining company for £100,000 in cash or shares and a deferred cash payment of up to £160,000, Mr. E. D. Barkway, the chairman, said yesterday in a letter to shareholders.

The letter also disclosed a proposal to allot and issue, subject to shareholders' approval, 450,000 fully paid 12½p shares in the company to settle obligations in connection with the acquisition last May of Rhos Mining.

Mr. Barkway said Mincorp had made a profit of £115,000 on its purchase and sale of a 25.9 per cent stake in Tehidy Minerals. The shares were 41p yesterday.

Lead Industries lower at £8.9m in first six months

…LECTING A much reduced …ibution from associated com…s, profits before tax of Lead …stries Group were down from …m to £8.92m in the first six …hs of 1978.

…ading profit of the UK sub…ries amounted to £5.09m …ist £4.55m and overseas sub…ries profit was £2.85m …4m). Associates, however, …ed a sharp reduction from …m to £1.88m.

…oup earnings per share are …m at 10.01p against 13.95p. …interim dividend is lifted from …o 3.3p—last year's total was … from pre-tax profits of …1m.

…ce the annual report there … been few signs of any real …ase in world trading activity, …directors say. Some costs con… to rise but profits of the …diaries should maintain a … similar to the first half of … year.

…wever, in view of the im…ate outlook for the 50 per …owned associate Tioxide, a …nued low level of profits … the associated companies … be expected in the re…der of this year.

…oup sales for the first half …unted to £96.09m against …67m plus associates' sales, …2m (£48.27m). Interest charge …12,000 against £1.06m.

…x takes £4.51m compared with …m. Minorities amount to …000 (£315,000) and there are …ordinary credits of £882,000.

…les by the UK subsidiaries …d marginally ahead and …ts exceeded those of the first … of 1977 although not quite …taining the level of the …nd half.

…mparisons of overseas sub…ries' sales and profits are …ted by exclusion of Goodlass …lac, the Indian paint com…, which is now treated as an …ciate as a result of the reduc… of the group's interest from …er cent to 39.5 per cent. Sales …any overseas subsidiaries in…ased.

…owing for the exclusion of …ndian paint company, profits of overseas subsidiaries are at a higher level than for the 1977 year.

● comment

At first sight Lead Industries' half-time figures look dull but the market had been expecting pre-tax profits as low as £8.3m and the shares rose 7p to 183p. Without Tioxide, for which a poor result was fully discounted, group profits were slightly up and the second half is likely to produce similar results. For Tioxide, though, the message for the second half is bearish and Lead Industries' total 1978 pre-tax profits, including associates, are unlikely to be much over £17m, a drop of 25 per cent. While the group's metal and paint subsidiaries had a fair first half the antimony business was flat and ceramic supplies showed a downturn, admittedly from levels inflated last year by the Jubilee. The shares yield a prospective 7.6 per cent and are on a p/e of 8.6, assuming a full tax charge.

Tioxide profit cut at midway

INCLUDING LOSSES of associates amounting to £1.1m against £1.74m, profits before tax of the Tioxide Group fell sharply from £10.61m to £2.58m in the half year ended June 30, 1978.

External sales for the group were £67.68m against £76.64m and the associated companies' attributable share was £3.63m compared with £1.8m.

Tax charge is £2.2m (£6.05m) and minorities are £0.13m against £0.29m.

The board states that trading conditions continued to be difficult during the first half of 1978. Prices have shown some improvement recently, but cost reduction is the main contributor to the improved results compared with the second half of 1977.

It is not expected that this factor will play so significant a part in the results for the second half-year, when sales are also normally at a lower rate. The task of achieving prices to give satisfactory margins remains a major priority.

As well as Lead Industries, the other equal shareholder in Tioxide is ICI.

British Vending slumps

THOUGH EXTERNAL sales at British Vending Industries were ahead 30 per cent from £6.42m to £8.34m for the first half of 1978 pressure on margins depressed taxable earnings by £161,950 to £169,781. The group, however, is paying an interim of 0.5737p per 10p—the maximum permitted for the year—compared with a single payment of 0.5138p for 1977 when profit was a record £0.41m.

Pressure on the group's margins from falling world commodity prices and the high costs involved in the integration of the business recently acquired had an adverse effect on the profits of the early months of the period, but subsequent trading results have been at a more satisfactory level. Currently all the trading divisions are progressing well and this should be reflected in the full-time figures, says Mr. John Syrad, the chairman.

Tax for the half-year took £92,000 (£188,000) leaving net profit down at £77,781 (£163,731) for earnings per share of 0.91p (1.92p).

The company through its main subsidiary, Automatic Catering Supplies, wholesales catering disposable and many other disposable items.

Investments disposal keeps Croda ahead so far

INCLUDING A higher surplus on disposal of investments of £774,000 against £70,000, the directors of Croda International, chemical group, report an increase in taxable profits for the six months to July 2, 1978, from £7.69m to £8.11m. External sales were ahead at £115.5m against £105m.

Sir Frederick Wood, chairman, comments that although many of the group's markets remain depressed, results for the first-half are considered satisfactory. Trading conditions proved to be better than expected a few months ago, but he says it is impossible to say whether this improvement will continue throughout the year. Profit for the whole of 1977 was £13.04m.

	6 months 1978 £000	6 months 1977 £000	Year 1977 £000
External sales	115,533	104,933	226,372
Trading profit	8,301	8,653	14,892
Surplus disposal invs.	774	70	115
Interest payable	969	1,034	1,970
Profit before tax	8,106	7,689	13,037
UK tax	2,587	1,692	2,510
Overseas tax	749	788	1,135
Net profit	4,770	5,211	9,392
Minorities, pref. divs.	40	77	85
Exchange gains	10	†26	†547
Available	4,740	5,108	8,760
Ord. divs.	1,151	1,023	2,294
Retained	3,589	4,085	6,466

† Losses.

After tax of £3.34m (£2.48m) net profit came out lower at £4.77m compared with £5.21m, giving earnings of 4.52p (5.14p) basic per 10p share, and 4.47p (5.02p) fully diluted.

The net interim dividend is increased 10 per cent from 0.982739p to 1.081942p per share and an additional payment of 0.018058p is announced for 1977 on the reduction in ACT; the directors expect to recommend a 10 per cent increase in the final—last year's final was 1.191848p.

The directors also propose, subject to the approval of shareholders, a capitalisation issue of deferred ordinary shares on the basis of one deferred share for every 10 ordinary shares held.

See Lex

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Breedon and Cloud Hill Lime Works, Liberty, Rolls-Royce Motors, Tavener Rutledge, United Biscuits, Williams and James (Engineers).

Finals: Aberfoyle Plantations, Goodman Brothers and Stockman, Guest Keen and Nettlefolds, Rivoli Cinemas.

FUTURE DATES

Interims—	
Brown Brothers	Sept. 28
Copydex	Sept. 19
London & Manchester Assurance	Sept. 20
Martin (Albert)	Sept. 25
Morrison (Wm.) Supermarkets	Sept. 28
Perry (Harold) Motors	Sept. 21
Ready Mixed Concrete	Sept. 26
Smith St. Aubyn	Oct. 18
Southampton Isle of Wight and South of England Royal Mail Steam Packet	Sept. 22
Wadham Stringer	Sept. 18
Finals—	
Adwest	Sept. 26
EMI	Oct. 5
Roan Consolidated Mines	Sept. 21
Throgmorton Sec'd Growth Trust	Sept. 27

First half downturn for Cory

AS FORESHADOWED in its last annual statement with accounts, first half 1978 sales and profits of Horace Cory and Co., chemical colour manufacturer, are lower than in the corresponding period of the previous year.

In the event, pre-tax profits declined from £316,000 to £253,000, on lower turnover of £1.16m against £1.28m.

Mr. S. J. S. Eley, the chairman, reports that overall demand for colour continues to be sluggish and although a satisfactory profit for all 1978 is expected, it will not reach the record £591,530 achieved in 1977.

The net interim is raised from 0.337p to 0.37p per 5p share and on ACT reduction an additional 0.0051p is to be paid for 1977—the directors intend to recommend the maximum permitted total for the current year with a final of 0.88318p (0.3375p).

The half-year's profit includes interest receivable of £17,000 (£23,000). After tax of £132,000 (£164,000) and dividends £36,000 (£33,000), the retained balance emerged down at £85,000 against £119,000.

Home Charm soars

A LEAP in taxable earnings from £511,031 to £825,291 was attained by Home Charm, supplier of wallpapers, paints, kitchen and bathroom units etc., in the half-year to July 1, 1978. Sales were £3.82m better at £14.05m.

Mr. Manny Fogel, the chairman, states that trading has continued at a satisfactory level since half-time and results for the full year should show a significant increase over the record £1.32m produced in 1977.

Tax for the six months took £462,560 (£293,443) leaving net profit at £362,731 (£217,588), equivalent to earnings per 10p share of 9.1p (5.4p). The net interim dividend is raised to 1.55p (1.29p) and costs £37,830 (£28,852). The final last year was 2.3344p.

Retained profit amounted to £324,901 (£188,736).

During the period two new stores were opened and two smaller units closed, increasing the selling space of the group to 0.58m sq ft. Two more stores have begun trading in the second six months and three more will be opened before year-end. Mr. Fogel adds that plans for the opening of several stores early next year are well advanced.

INVESTMENT TRUST COMPANIES

information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
62.8	Alliance Trust	Ordinary 25p	31/8/78	7.1	304.1	312.5	34.5
92.3	Anglo American Securities Corpn.	Ordinary 25p	31/8/78	3.0	139.3	145.1	17.4
37.0	British Investment Trust	Ordinary 25p	31/8/78	4.85	207.1	210.3	25.5
29.0	Capital & National Trust	Ord. & "B" Ord. 25p	31/8/78	*4.6	184.2	187.1	19.9
11.4	Claverhouse Investment Trust	Ordinary 50p	31/8/78	3.8	113.7	113.7	0.2
11.6	Crossfriars Trust	Ordinary 25p	31/8/78	3.7	115.8	115.8	—
17.3	Dundee & London Investment Trust	Ordinary 25p	31/8/78	2.3	93.9	95.5	6.8
97.0	Edinburgh Investment Trust	£1 Deferred	31/8/78	6.75	303.2	318.3	23.9
48.1	First Scottish American Trust	Ordinary 25p	31/8/78	2.85	134.2	136.2	17.9
12.9	Grange Trust	Ord. Stock 25p	31/8/78	2.1	113.4	117.5	6.9
74.4	Great Northern Investment Trust	Ordinary 25p	31/8/78	3.87	145.8	148.4	10.0
68.2	Guardian Investment Trust	Ordinary 25p	31/8/78	2.9	116.3	121.0	9.4
87.5	Investors Capital Trust	Ordinary 25p	31/8/78	1.75	111.5	117.4	16.8
24.9	Jardine Japan Investment Trust	Ordinary 25p	31/8/78	0.85	216.6	216.6	57.5
39.0	London & Holyrood Trust	Ordinary 25p	31/8/78	3.6	169.4	173.2	20.2
27.4	London & Montrose Invest. Trust	Ordinary 25p	31/8/78	5.25	276.7	280.9	34.2
51.7	London & Provincial Trust	Ordinary 25p	31/8/78	3.4	160.9	163.5	20.1
13.8	Mercantile Investment Trust	Ordinary 25p	31/8/78	1.25	x59.5	63.6	4.0
	Do. Do.	Conv. Debs. 1983	31/8/78	£4.50	£90.00	£95.50	£6.00
28.5	North Atlantic Securities Corpn.	Ordinary 25p	31/8/78	2.7	129.5	132.6	15.3
57.0	Northern American Trust	Ordinary 25p	31/8/78	2.85	144.0	147.2	19.8
8.7	Save & Prosper Linked Invest. Trust	Capital Shares	31/8/78	—	182.3	182.3	—
36.2	Scottish Investment Trust	Ord. Stock 25p	31/8/78	2.36	143.0	147.0	17.1
60.7	Scottish Northern Invest. Trust	Ordinary 25p	31/8/78	3.36	143.3	151.4	12.1
19.4	Scottish United Investors	Ordinary 25p	31/8/78	1.6	107.7	110.7	17.1
53.6	Second Alliance Trust	Ordinary 25p	31/8/78	6.3	259.7	267.9	29.8
4.1	Shires Investment Co.	Ordinary 50p	31/8/78	8.464	160.9	160.9	—
45.2	Sterling Trust	Ordinary 25p	31/8/78	5.3	251.0	257.5	27.4
30.9	Technology Investment Trust	Ordinary 25p	31/8/78	2.6	154.5	155.7	16.2
81.1	United British Securities	Ordinary 25p	31/8/78	4.44	181.0	182.3	19.4
23.0	United States and General Trust	Ordinary 25p	31/8/78	5.94	273.1	279.7	30.6
91.9	United States Debenture Corporation	Ord. Stock 25p	31/8/78	3.52	126.4	130.6	14.3
	Do. Do.	Conv. Loan 1993	31/8/78	£5.00	£139.00	£143.70	£15.70
	Baillie Gifford & Co.						
33.9	Scottish Mortgage & Trust	Ordinary 25p	31/8/78	3.3	160.0	162.4	17.8
66.4	Monks Investment Trust	Ordinary 25p	31/8/78	1.6	72.4	73.1	7.5
17.2	Winterbottom Trust	Ordinary 25p	31/8/78	4.6	288.6	301.4	36.7
	Baring Bros. & Co. Ltd						
43.6	Outwich Investment Trust	Ordinary 25p	4/9/78	1.525	74.2	77.9	6.0
26.7	Tribune Investment Trust	Ordinary 25p	22/8/78	ac1.4	104.3	104.5	17.1
	East of Scotland Invest. Managers						
47.1	Aberdeen Trust	Ord. Stock 25p	31/8/78	5.05	196.2	205.9	16.9
	Edinburgh Fund Managers Ltd.						
64.3	American Trust	Ord. & "B" Ord. 25p	31/8/78	*1.35	62.9	64.9	5.9
21.7	Crescent Japan Invest. Trust	Ordinary 50p	31/8/78	–	245.5	245.5	48.2
	Electra House Group						
78.6	Electra Investment Trust	Ordinary 25p	31/8/78	5.0	153.2	153.2	9.9
88.7	Globe Investment Trust	Ordinary 25p	31/8/78	5.0	166.9	167.2	10.3
	Do. Do.	Conv. Loan 1987/91	31/8/78	£5.50	£145.00	£145.30	£9.00
	Do. Do.	Conv. Loan 1985/90	31/8/78	£6.25	£191.90	£192.20	£11.90
39.0	Temple Bar Investment Trust	Ordinary 25p	31/8/78	4.75	128.9	131.2	2.8
	Do. Do.	Conv. Loan 1985/90	31/8/78	£5.75	£146.90	£149.50	£3.20
	Do. Do.	Conv. Loan 1987/91	31/8/78	£6.00	£110.80	£112.80	£2.40
	F. & C. Group						
21.8	Alliance Investment	Ordinary 25p	31/8/78	3.0	161.9	166.3	18.5
‡24.2	Cardinal Investment Trust	Deferred 25p	31/8/78	3.9	166.0	171.3	16.4
	Do. Do.	Conv. Loan 1985/87	31/8/78	£6.00	£134.50	£138.80	£18.30
†	F. & C. Eurotrust	Ordinary 25p	31/8/78	†	†	†	†
103.8	Foreign & Colonial Invest. Trust	Ordinary 25p	31/8/78	3.77	251.4	260.0	36.5
‡32.2	General Investors & Trustees	Ordinary 25p	31/8/78	4.0	156.5	161.0	14.1
	James Finlay Invest. Managers Ltd.						
†	Provincial Cities Trust	Ordinary 25p	31/8/78	†	†	†	†
	Gartmore Investment Ltd.						
7.6	Altifund	Income 50p	31/8/78	8.3	101.8	101.8	7.0
	Do. Do.	Capital 50p	31/8/78	0.415	321.5	321.5	7.0
27.3	Anglo-Scottish Invest. Trust	Ordinary 25p	31/8/78	1.6875	67.1	69.2	6.3
29.8	English & Scottish Investors	Ord. & "B" Ord. 25p	31/8/78	*2.45	113.6	119.2	9.5
8.4	Group Investors	Ordinary 25p	31/8/78	1.9	96.1	99.6	10.6
5.9	London & Gartmore Invest. Trust	Ordinary 50p	31/8/78	§1.0	106.4	111.2	18.9
12.7	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/8/78	*ac1.667	ac79.7	ac82.1	ac10.7
25.3	London & Lomond Invest. Trust	Ordinary 25p	31/8/78	2.7	114.4	116.7	9.6
†	London & Strathclyde Trust	Ordinary 25p	31/8/78	1.375	†	†	†
12.7	Meldrum Investment Trust	Ordinary 25p	31/8/78	1.85	63.2	63.2	0.4
6.5	New York & Gartmore Investment	Ordinary 25p	31/8/78	0.4	42.5	42.5	5.5
	Gartmore Investment (Scotland) Ltd.						
80.9	Scottish National Trust	Ordinary 25p	31/8/78	3.45	220.9	224.6	31.7
19.7	Glasgow Stockholders Trust	Ordinary 25p	31/8/78	2.4	133.6	137.6	22.8
	John Govett & Co. Ltd.						
91.9	Border & Southern Stockholders	Ordinary 10p	31/8/78	1.5	88.8	90.2	9.7
39.6	Debenture Corporation	Ordinary 25p	31/8/78	2.4	93.1	95.0	6.3
13.5	General Stockholders Invest. Trust	Ordinary 12½p	31/8/78	2.3	165.8	177.2	26.5
21.2	Govett European Trust	Ordinary 25p	31/8/78	1.8	91.0	91.0	13.9
56.8	Lake View Investment Trust	Ordinary 25p	31/8/78	2.4	138.3	142.2	15.0
	Do. Do.	Conv. Loan 1973/98	31/8/78	£4.00	£184.40	£189.50	£20.00
69.8	Stockholders Investment Trust	Ordinary 25p	31/8/78	2.35	143.8	148.5	10.3
	G.T. Management Ltd.						
21.1	Berry Trust	Ordinary 25p	31/8/78	0.875	103.3	103.3	9.3
	Do. Do.	Conv. Loan 1993	31/8/78	£4.25	£149.80	£149.80	£13.50
23.0	G.T. Japan Investment Trust	Ordinary 25p	31/8/78	1.0	230.2	230.2	58.2
	Do. Do.	Conv. Loan 1987	31/8/78	£8.50	£142.70	£142.70	£36.10
8.1	Northern Securities Trust	Ordinary 25p	31/8/78	3.0	183.2	188.8	24.1
	Hambros Group						
27.3	Bishopsgate Trust	Ordinary 25p	31/8/78	6.25	282.4	292.1	21.7
4.4	City of Oxford Investment Trust	Ordinary 25p	31/8/78	3.3	96.6	99.8	—
‡52.3	Hambros Investment Trust	Ordinary 25p	31/8/78	3.75	149.5	159.8	15.6
‡7.5	Rosedimond Investment Trust	Capital 25p	31/8/78	–	137.7	137.7	4.7
	Henderson Administration Ltd.						
143.9	Witan Investment	Ord. & "B" Ord. 25p	31/8/78	*2.3	134.7	139.7	17.5
22.6	Electric & General Investment	Ordinary 25p	31/8/78	1.55	110.9	112.0	15.0
‡6.9	Greenfriar Investment	Ordinary 25p	31/8/78	1.45	141.1	141.1	18.1
‡6.8	Lowland Investment	Ordinary 25p	31/8/78	2.2	73.9	73.9	2.8
‡2.4	English National Investment	Pref. Ord. 25p	31/8/78	1.83	35.2	36.2	—
	Do. Do.	Def. Ord. 25p	31/8/78	2.42	65.9	60.0	—

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	Philip Hill (Management) Ltd.						
21.7	City & International Trust	Ordinary 25p	31/8/78	†	139.2	144.1	9.8
12.0	General & Commercial Invest. Trust	Ordinary 25p	31/8/78	5.82	193.2	203.0	11.9
24.7	General Consolidated Invest. Trust	Ordinary 25p	31/8/78	3.75	117.2	120.0	7.0
‡139.7	Philip Hill Investment Trust	Ordinary 25p	31/8/78	7.9	253.6	257.6	8.7
5.7	Moorgate Investment Co.	Ordinary 25p	31/8/78	3.82	113.2	115.6	2.0
40.8	Nineteen Twenty-Eight Invest. Trust	Ordinary 25p	31/8/78	2.92	94.8	98.0	9.0
	Industrial & Comml. Finance Corp.						
11.3	London Atlantic	Ordinary 25p	31/8/78	3.0	93.8	95.0	3.8
†	North British Canadian	Ordinary 25p	31/8/78	†	†	†	†
	Ivory & Sime Limited						
†	Atlantic Assets Trust	Ordinary 25p	31/8/78	0.4	†	†	†
116.2	British Assets Trust	Ordinary 25p	31/8/78	2.6	100.8	106.4	15.5
39.1	Edinburgh American Assets Trust	Ordinary 25p	31/8/78	1.1	164.5	167.5	36.3
14.2	Viking Resources Trust	Ordinary 25p	31/8/78	1.1	122.8	122.8	14.1
	Keyser Ullmann Ltd.						
11.8	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	31/8/78	–	–	179.6	–
46.7	Throgmorton Trust	Ordinary 25p	31/8/78	4.375	101.4	103.2	–
	Kleinwort Benson Ltd.						
29.8	British American & General Trust	Ordinary 25p	31/8/78	1.725	57.3	58.4	3.4
24.1	Brunner Investment Trust	Ordinary 25p	31/8/78	3.8	144.5	147.2	10.9
34.5	Charter Trust & Agency	Ordinary 25p	31/8/78	2.2	79.8	81.9	6.7
45.4	English & New York Trust	Ordinary 25p	31/8/78	3.0	106.7	108.4	9.0
4.8	Family Investment Trust	Ordinary 25p	31/8/78	4.5	110.2	110.2	0.1
3.3	Jos Holdings	Ordinary 25p	31/8/78	2.375	66.6	66.6	2.3
7.0	London Prudential Invest. Trust	Ordinary 25p	31/8/78	2.85	111.9	114.7	7.7
54.6	Merchants Trust	Ordinary 25p	31/8/78	2.9	101.6	105.1	11.1
	Lazard Bros. & Co. Ltd.						
‡55.4	Raeburn Investment Trust	Ordinary 25p	31/8/78	3.7	179.3	185.6	21.5
‡44.4	Romney Trust	Ordinary 25p	31/8/78	2.65	131.0	133.3	16.1
	Martin Currie & Co. C.A.						
12.2	Canadian & Foreign Invest. Trust	Ordinary 25p	31/8/78	3.6	162.9	166.6	18.2
21.0	St. Andrew Trust	Ordinary 25p	31/8/78	4.15	167.6	172.5	17.7
106.1	Scottish Eastern Invest. Trust	Ordinary 25p	31/8/78	4.5	186.2	192.3	25.3
27.6	Scottish Ontario Invest. Co.	Ordinary 25p	31/8/78	2.05	94.8	96.1	13.4
60.1	Securities Trust of Scotland	Ordinary 25p	31/8/78	6.1	252.9	272.2	32.6
	Murray Johnstone Ltd.						
50.5	Caledonian Trust	Ord. & "B" Ord. 25p	31/8/78	*1.85	115.8	119.3	19.5
75.9	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/8/78	*1.675	110.4	113.3	18.8
18.1	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/8/78	*1.85	141.1	144.3	25.6
7.6	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/8/78	*1.7	113.2	113.2	17.7
84.6	Scottish Western Investment	Ord. & "B" Ord. 25p	31/8/78	*2.2	137.2	142.3	22.7
27.5	Second Gt. Northern Invest. Trust	Ord. & "B" Ord. 25p	31/8/78	*2.0	125.4	129.0	21.5
	Schroder Wagg Group						
23.3	Ashdown Investment Trust	Ordinary 25p	31/8/78	4.05	200.4	206.8	23.3
	Do. Do.	Conv. Loan 1988/93	31/8/78	£4.75	£140.30	£144.80	£16.30
7.7	Australian & International Trust	Ordinary 50p	31/8/78	2.7	128.7	128.7	23.5
32.8	Broadstone Investment Trust	Ordinary 20p	31/8/78	5.15	218.0	225.5	25.4
	Do. Do.	Conv. Loan 1988/93	31/8/78	£4.50	£145.30	£150.40	£16.90
51.4	Continental & Industrial Trust	Ordinary 25p	31/8/78	6.4	274.1	284.2	17.6
33.3	Trans-Oceanic Trust	Ordinary 25p	31/8/78	5.0	256.6	262.9	32.3
	Do. Do.	Conv. Loan 1988/93	31/8/78	£4.50	£160.40	£164.30	£20.20
14.6	Westpool Investment Trust	Ordinary 25p	31/8/78	3.3	152.6	155.9	17.7
	Do. Do.	Conv. Loan 1989/94	31/8/78	£5.00	£137.30	£140.30	£15.90
	Stewart Fund Managers Ltd.						
82.4	Scottish American Investment Co.	Ordinary 50p	31/8/78	2.6	120.2	121.4	10.0
13.5	Scottish European Investment Co.	Ordinary 25p	31/8/78	1.5	59.7	59.7	5.4
	Touche Remnant & Co.						
115.5	Atlas Electric & General Trust	Ordinary 25p	31/8/78	1.9	91.7	94.6	5.9
33.8	Bankers' Investment	Ordinary 25p	31/8/78	2.53	80.3	85.0	5.5
33.9	Cedar Investment Trust	Ordinary 25p	31/8/78	2.5	95.3	97.8	7.0
43.6	City of London Brewery	Deferred 25p	31/8/78	2.76	83.7	88.0	1.4
32.7	Continental Union Trust	Ordinary 25p	31/8/78	3.5	173.8	179.2	16.5
16.8	C.L.R.P. Investment Trust	Ordinary 25p	31/8/78	1.9	100.7	105.1	7.4
191.7	Industrial & General Trust	Ordinary 25p	31/8/78	1.75	78.3	80.6	6.2
42.4	International Investment Trust	Ordinary 25p	31/8/78	2.62	111.7	117.2	7.6
57.7	Sphere Investment Trust	Ordinary 25p	31/8/78	3.3	171.1	175.9	14.6
69.5	Trustees Corporation	Ordinary 25p	31/8/78	4.85	208.8	214.6	11.9
38.6	Trust Union	Ordinary 25p	31/8/78	3.4	156.4	160.6	9.2
	Williams & Glyn's Bank Ltd.						
14.3	Sizewell European Invest. Trust	Ordinary 10p	31/8/78	1.5	110.8	110.8	10.7
‡3.2	Atlanta Baltimore & Chicago	Ordinary 10p	31/8/78	0.5	74.9	74.9	7.5
3.9	West Coast & Texas Regional	Ordinary 10p	31/8/78	0.75	94.8	94.8	11.6
	VALUATION THREE-MONTHLY						
11.2	Safeguard Industrial Investments	Ordinary 25p	30/6/78	3.6	95.4	97.0	–
	City Financial Administration Ltd.						
5.5	Acorn Securities	Cap. Ordinary 1p	25/7/78	–	121.7	121.7	11.0
22.6	General Funds Investment Trust	Ordinary 25p	31/8/78	4.7	265.6	270.3	20.7
	Do. Do.	Conv. Ordinary 10p	31/8/78	–	228.4	232.5	17.8
19.6	"Investing in Success"	Ordinary 25p	9/8/78	2.904	257.4	261.2	36.7
	Drayton Montagu Portfolio Mngemt.						
93.4	Drayton Premier Investment	Ordinary 25p	31/8/78	6.7	281.3	291.6	35.2
	Do. Do.	Conv. Loan 1993	31/8/78	£7.50	£181.50	£188.10	£22.70
	Do. Do.	"A" Conv. Loan 1993	31/8/78	£7.50	£181.30	£187.90	£22.70
79.5	Drayton Consolidated Trust	Ordinary 25p	31/8/78	4.7	217.9	225.2	25.1
	Do. Do.	Conv. Loan 1993	31/8/78	£7.50	£174.30	£180.20	£20.10
	Do. Do.	"A" Conv. Loan 1994	31/8/78	£6.50	£177.10	£183.00	£20.40
	Do. Do.	"B" Conv. Loan 1994	31/8/78	£6.50	£180.70	£186.80	£20.80
55.8	Drayton Commercial Invest. Co.	Ordinary 25p	31/8/78	4.5	195.9	201.1	19.7
	Do. Do.	Conv. Loan 1986	31/8/78	£6.25	£156.70	£160.90	£15.80
15.8	English & International Trust	Ordinary 25p	31/8/78	3.80	130.7	136.8	12.3
	Do. Do.	Conv. Loan 1986	31/8/78	£7.00	£158.40	£165.80	£14.90
10.1	Colonial Securities Trust	Deferred 25p	31/8/78	8.1	376.3	391.9	45.2
8.2	British Industries & Gen. Inv. Trust	Deferred 25p	31/8/78	3.4	159.1	163.0	23.4
	Do. Do.	Conv. Loan 1994	31/8/78	£0.50	£176.70	£181.10	£26.00
6.6	Drayton Far Eastern Trust	Ordinary 25p	31/8/78	0.9	54.6	54.6	12.8
3.1	City & Foreign Investment Co.	Ordinary 25p	23/8/78	–	78.5	78.5	21.5
6.7	Montagu Boston Investment Trust	Ordinary 10p	23/8/78	0.875	66.7	66.7	10.1
	East of Scotland Invest. Managers						
12.3	Dominion & General Trust	Ordinary 25p	31/8/78	7.75	268.7	278.7	28.8
31.3	Pentland Investment Trust	Ordinary 25p	31/8/78	4.05	167.2	171.7	19.7

…ies to Ordinary "A" Ordinary only. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. † Company will announce year-end or … results shortly. x See note (h) below. Φ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the … charges since the previous published figure.

Notes:—

Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

Cols. 1, 6, 7 All revenue account items are excluded.

Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lowest n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

AITC

Tilling expands further in U.S. with £9.7m offer for Saslow

BY ANDREW TAYLOR

THE LATEST stage in Thomas Tilling's £100m plan to expand in the U.S. was unveiled yesterday with a £9.7m bid for dental equipment supplier D. L. Saslow.

So far this year, Tilling—one of Britain's top 50 companies—has spent £25m on new acquisitions. Three-quarters of this has been spent in the U.S. lifting the total cost of U.S. acquisitions over the last 18 months or so to around £80m.

The group has earmarked around £100m for its U.S. investment programme, and is currently involved in negotiations to acquire the Yale locks and security business from the Eaton Corporation of Cleveland, Ohio.

The outcome of these negotiations is expected shortly but latest indications from the talks suggest that the deal is not as cut-and-dried as was first thought. If the deal succeeds it could lift Tilling's spending in the U.S. by up to a further £25m.

Meanwhile the Saslow directors controlling a 47 per cent stake in the company are backing Tilling's latest takeover bid.

Last year Saslow, which claims to be one of the largest independent dental equipment distributors in the U.S., earned pre-tax profits of $3.8m (£1.9m) on sales of $54.9m (£28m). Net tangible assets of the company—after the acquisition—are expected to be around $15.5m (£7.9m).

Tilling already has medical supply interests in the U.S. which last year generated around a quarter of the £4.7m profit earned by the group's medical division.

Tilling said that this new acquisition—which will have to be ratified by the U.S. and UK authorities—would compliment the activities of its U.S. Intermedco subsidiary.

Tilling said yesterday that around 10 per cent of group profits were currently generated in the U.S.—including the benefits from the Mayeaux Industries and Clarkson Industries acquisitions made earlier this year.

The group hopes that eventually 20 per cent of profits will be earned in the U.S.

Earlier this week Tilling announced first half pre-tax profits of £27m on sales of £480m.

S. PEARSON REPLIES TO INSTITUTIONS

S. Pearson and Son has written to the institutional shareholders of Pearson Longman replying to the points made by four institutions in their letter on Tuesday.

This is the latest in a series of increasingly technical letters arguing the merits of the terms offered by S. Pearson to buy the minority of Pearson Longman.

Mr. Michael Hare, deputy chairman and chief executive of Pearson writes that the lower stock market rating of Pearson Longman reflects the more cyclical nature of its business and not, as the institutions suggested, the lower dividends it pays.

He also tells the four institutions that they are wrong in thinking that the independent directors of Pearson Longman know no more than they about the prospects of Pearson's non Pearson Longman interests. "The two companies and their advisers had detailed discussions about both short and long-term prospects," he writes.

On the suggestion that the timing of the bid is "opportune," Mr. Hare asserts that such an accusation might have been fair if Pearson had bid at a downturn in the newspaper business cycle, but the opposite is currently the case.

Mr. Hare invites the institutions to call him by telephone if they have any questions.

The institutions have decided to discontinue the public debate. Mr. Peter Wakefield of Clerical and Medical said yesterday that they would now let their case rest. He was glad that the full arguments on both sides had been presented and expected a "pretty close result" at the EGM on Tuesday.

More support had been coming in over the last two days, he said, and he felt able to rely on 2¼m votes as an absolute minimum against the deal. The votes necessary to be sure of defeating it are 3¾m, but less may be needed depending on the number of abstentions.

Mr. Hare said last night that he was "certainly hopeful" about the result. He said it was important that as many people vote as possible.

Lloyds & Scottish 21% stake in Lookers

Lloyds and Scottish has acquired for cash 1,570,800 shares (21.19 per cent) of Lookers, principally from Graylaw Holdings.

Lookers and its subsidiaries are car and commercial vehicle distributors, and main dealers, and agricultural machinery dealers in the north of England as well as operating vehicle leasing, contract hire, and car delivery businesses.

Lloyds and Scottish and Lookers believe that a close association between the two companies will assist in the development of Lookers' business by the provision of finance, in particular instalment credit finance, for the purchase of motor vehicles. Lookers has invited Lloyds and Scottish to appoint a representative to join the Board.

Lloyds and Scottish does not intend to increase its shareholding or acquire control of Lookers.

The deal is the latest in line of finance houses acquiring limited stakes in motor distributors.

SHARE STAKES

Westwood Dawes—Central Manufacturing and Trading Group acquired on August 30 a further 3,700 shares making a total holding of 156,552 shares (12.425 per cent). Since then the company has been informed of the acquisition of a further 1,500 shares by Central. Miss P. D. Westwood has acquired a further 1,000 shares and now holds 5.0019 per cent of the equity. Mr. J. J. Westwood, a director, has acquired a further 1,390 shares.

Ruberoid—Britannic Assurance Company purchased 125,000 ordinary shares making total holding at September 4, 1,075,000 (10.36 per cent).

Pilkington Bros.—Directors, Lord Pilkington and Dr. L. H. A. Pilkington, have ceased to have non-beneficial interests in 232,000 ordinary shares.

Y. J. Lovell (Holdings)—Mr. R. F. Hobson increased his beneficial holding by 15,000 ordinary shares to 1,269,613 (18.46 per cent). Sir Donald Gosling, a director, acquired a further 15,000 ordinary shares bringing total holding to 1,481,260 (21.54 per cent).

Cattle's (Holdings)—Mrs. G. Beech, wife of Mr. W. Beech, a director, has sold 30,000 ordinary shares held in a beneficial capacity.

Empire Stores (Bradford)—Prudential Group now holds 1,375,062 ordinary shares (5.05 per cent).

J. F. Nash Securities—Companies controlled by Mr. J. F. Nash disposed of 380,000 ordinary shares thereby reducing Mr. Nash's notifiable interests in the ordinary capital of the company to 2,163,588 ordinary shares (64.8 per cent). Mr. J. J. Tilbrook, a director, has disposed of 20,000 ordinary shares. These shares have been placed by Margetts and Addenbrooke with institutional clients.

Jove Investment Trust—London Trust Company recently sold 250,000 capital shares reducing their holding to less than 5 per cent.

Shaw Carpets—Mr. J. W. H. Hartley, a director, acquired 130,000 ordinary shares by way of a gift and now beneficially holds 3,635,713 shares.

Stock Conversion and Investment Trust—Mr. J. Levy has disposed of a further 195,000 ordinary shares from his beneficial holding reducing his holding to 2,850,452 shares (1,738,256 held beneficially and 1,112,196 as trustee) representing 9.51 per cent of the company's equity capital.

West Germany reaps rewards from savings and investment policies

BY RICHARD LAMBERT

WEST GERMANY'S post-war policies on savings and investment have been far more successful than those of the UK, thanks largely to Germany's economic policies and the consistency with which they have been applied.

This is the main theme of a report on "Savings and Investment in the UK and West Germany" prepared for the Anglo-German Foundation for the Study of Industrial Society by Profesor J. M. Samuels and Mr. P. C. McMahon of the University of Birmingham.

The differences in economic policy between the two countries can partly be explained by political factors, the report states. Political power in the UK at the end of the war rested with those who were concerned with the re-distribution of income and wealth rather than with economic growth. Public consumption was preferred to private investment as a way of keeping the economy fully employed.

By contrast the German position was that "the promotion of welfare by increasing output as rapidly as possible was thought to make more sense than to waste time by quarrelling over how the existing product was to be distributed."

Manufacturing accounts for about a third of GDP in the UK, and "still offers the best hope for increasing employment, productivity and real income." To achieve the required increase in the level of investment in manufacturing industry, consistent policies are needed from Government and the banks as well as from industry itself. A key issue will be whether the financial institutions are prepared to invest more of their funds long term in loans to manufacturing companies—and whether companies are ready to lose some of their managerial independence in return.

The study highlights what it describes as the "virtuous circle" established in West Germany from the early 1950's, whereby growth fed upon growth. The crucial decision was to make investment worthwhile to both the company and the saver in terms of risks and rewards. In the export business, this meant the government underwriting certain political risks. By holding down domestic consumption and encouraging savings, the government encouraged German business to seek out profitable overseas markets.

Whereas the German approach was based on price stability, a comprehensive approach to economic and political problems, and—as far as possible—the free play of market forces, the report claims that the primary objective of British policy up to at least the mid-1960s was to reduce unemployment.

Investment depends above all on confidence and on satisfactory means of finance — and to encourage this, it is argued, a degree of continuity and stability in Government policy is essential. Frequent changes in the UK system of tax and Government grants have done harm, and companies have had no confidence in Government's ability to achieve fast rates of growth over an extended period. At the same time, the system of personal tax has given managers little encouragement to take the risks involved in long-term investment projects.

One consequence has been that British companies have been more keen to grow through acquisition than through investing in new plant and equipment. "Managers do obtain financial rewards, and perhaps prestige, from being in charge of larger organisations."

Moreover, "the UK is not a very competitive society." In the sluggish UK economy, the suggestion is that to invest on the strength of the fact that the company may be able to take business away from competitors would be seen as very risky and probably not worth the effort. So the UK manager tends rather to look for growth by acquiring another business which already has a market share.

As for the sources of finance, a flow of funds analysis shows that the borrowings of the household sector in the UK is very much higher than in Germany, and that its savings are lower. Similarly, the UK public sector has tended to save less than that in West Germany, and to borrow more. In other words it seems that savings in the UK have been channelled into the sectors with the least potential for productivity leading to long-term economic growth.

The study lists the long series of measures which have been taken to promote savings in West Germany, and shows what extremely attractive real returns have been made available to the saver through the premium and wealth accumulation laws.

Apart from the total level of savings, the authors are concerned about the distribution of avings in the UK. They point to the privileges and success of the building societies in attracting funds but add that "unfortunately they basically invest in only one asset, housing." And they underline the dominant role played by the German banks as a home for savings, contrasting in the UK with the importance of the building societies, life assurance and pension funds.

Banks have also tended to be a more important source of funds for industry in Germany than in the UK. Whereas the traditional role of British banks has been as providers of short-term money to fund the purchase of inventory the manks in Germany are the main external providers of funds for industry. The life of their lending has also been growing: medium and long term bank credit accounted for 7.1 per cent of total funds used in 1960 and for 25.9 per cent in 1975. And the suggestion is that German banks have always been willing to accept a greater degree of risks than their UK counterparts.

As a result, higher levels of company gearing are considered acceptable in Germany than they are in the UK, and although UK banks are more willing to lend longer than they were, they still appear to be well short of the ratios seen in Germany.

"Would the financing methods pursued in West Germany be welcome in the UK? Clearly not. The dominant role of the banks in the German equity market and the dependence of many companies on borrowing from the banks would be considered dangerous. However, the more independent system that exists in the UK where the shareholders and the banks wish to maintain an arm's length relationship has a cost. We should recognise that because we have an arm's length relationship between the banks, insurance companies, p[...] funds and the industrial [...]panies, there is less willi[...] to invest long term and [...] levels of security are req[...] This means the costs of c[...] are higher in the UK. [...] allow management to be [...] from interference has a c[...]

Several recommend[...] follow from this analysis.

- Higher gearing levels [...] be considered acceptable [...] UK, meaning that banks [...] have to accept lower lev[...] asset and interest cover c[...] loans they make available.
- Financial institutions [...] accept that the long-term in[...] is tied in with the succe[...] British industry, and p[...] more long-term loans.
- In return for increasing and other institutional c[...]ment to companies, manag[...] will have to give up—or a[...] share—some of their pow[...] be willing to receive incr[...] interference from the bank[...] institutions within the cor[...]
- Steps should be tak[...] revive the industrial bond r[...] in the UK.
- Building societies shou[...] allowed to diversify so[...] their assets outside the h[...] field. If, during the upsw[...] the cycle, they could cha[...] higher proportion of their [...] into short- and medium [...] investments instead of [...] purchase, they would be able to iron out fluctuati[...] the availability of fun[...] house purchase.

However, it is clear fr[...] study that piecemeal char[...] the economic and p[...] system would be of little [...] For instance, there is littl[...] in attempting to reviv[...] market in industrial bo[...] long as the Governmen[...] empts available long-term [...] in order to meet its own [...]ing requirements. The [...] is that it takes a compre[...] and consistent approa[...] Government to achieve th[...] of performance that [...] Germany has shown up [...] recent past.

"Saving and Investment [...] United Kingdom and [...] Germany," by J. M. Samu[...] P. C. McMahon. Wilton [...]tions. Sponsored by the [...] German Foundation fo[...] Study of Industrial Societ[...]

Pawson rights issue details

SHAREHOLDERS OF W. L. Pawson, the clothing group, have been asked to find around £¾m to help finance the group's proposed acquisition of C. H. Bernard and Sons, the military and civilian uniform manufacturer.

Pawson, which is bidding £1.3m for Bernard, yesterday announced a one-for-two rights issue at 38p. A document sent to shareholders also revealed details of Pawson's £400,000 cash purchase of Occasion Couture, the ladies clothing company, announced in July.

The two deals mark the latest phase in Pawson's expansion plans. In the last year the group has bought Wilbefort, a chain of 14 general outfitters shops in Yorkshire, for £86,500 and furriers J. Teff for £50,000.

The document sent to shareholders yesterday forecasts pre-tax profits for the enlarged group of not less than £400,000 in the year to February 28, 1979.

The combined cost of the two latest acquisitions — provided the Bernard bid succeeds — is £1.7m. The balance after the rights issue is to be supplied by a term loan from Keyser Ullman.

This is the second cash call Pawson has made on shareholders in less than 12 months. Last November the group raised £295,000 in a one-for-one issue intended to reduce borrowings and finance working capital requirements.

A pro-forma balance sheet shows that the enlarged group will have net borrowings of around £1.6m compared with shareholders funds of £2.4m.

The group is also forecasting dividends — with Treasury consent — of 2.2914p net for the current year.

Directors of Pawson controlling a 49 per cent stake say they will take 78 per cent of their rights entitlement. The issue has been underwritten by Keyser Ullman. An EGM is to be held on October 2 for shareholders to vote on the proposals.

Pawson last year cut its losses from £140,000 to £5,000. However Bernard showed pre-tax profits down from £220,000 to £56,000 in the year to January 31, 1978.

PREUSSAG'S OFFER UNCONDITIONAL

Preussag's offer for Amalgamated Metal Corporation has become unconditional and closed. Acceptances have been received in respect of 4,807,370 ordinary shares of AMC (76.5 per cent). No AMC ordinary shares were owned by Preussag or its subsidiaries before the offer and no such shares have been acquired or agreed to be acquired by them during the offer period.

The Secretary of State for Prices and Consumer Protection decided not to refer the proposed merger to the Monopolies and Mergers Commission.

ATLANTIC ASSETS

An announcement was made on August 18, 1978 regarding the sale of Atlantic Assets holdings in the Yukon Consolidated Gold Corporation and Woodford Investments, and the purchase by Atlantic of Woodford's holding in Shared Medical Systems Corporation. These transactions are being completed in the course of September.

As these transactions were outstanding at August 31, 1978, Atlantic has not published its figures in this month's announcement by the Association of Investment Trust Companies, but had these transactions been completed on August 31, the net asset value would have been 149.9p per share.

SIEMSSEN HUNTER

EP Publshing, a subsidiary of the specialist publishing and tobacco group Siemssen Hunter, has been appointed the exclusive UK distributor in the book trade for Rand McNally and Company Inc.

Rand McNally is an American publisher of non-fiction books, mainly in the sport, leisure and pastime area.

ASSOCIATES DEAL

J. and A. Scrimgeour yesterday sold 20,000 J. Compton Son and Webb at 59½p on behalf of associates.

GRANGES

Granges AB has completed the sale of its 100 per cent owned subsidiary, Beaconsfield, to another Swedish industrial group, Industri AB Euroc.

PANEL DISMISSES ST. PIRAN APPEAL

A full meeting of the City Take-over Panel yesterday dismissed the appeal by Saint Piran that it should be allowed to buy up to the normal 29.9 per cent of Orme Developments without triggering a full take-over bid.

The Panel had earlier ruled that Saint Piran could only buy up to 28.2 per cent following its mistaken breach of the normal limit. Saint Piran has already bought this stake.

The last acceptance date for Comben Group's cash offer for Orme is Monday.

Somportex meeting adjourned

THE ANNUAL meeting of Somportex Holdings, distributors of confectionery, groceries and delicatessen, was adjourned until a later date in London yesterday until new accounts are published.

The adjournment was agreed by about 20 shareholders because the auditors and the directors had discovered after the accounts had been published that they would have to be re-audited and that the new accounts would be likely to show a net profit before tax of "not less than £150,000," compared with the original figure of £237,274.

The mistakes were owing to a provision for deferred tax not being made, which should have been made under the conventions used by Somportex, and the omission of a big creditor's bill. The mistakes were announced by the company on September 4.

Mr. Stephen A. Fenlaugh, the chairman, told the meeting that a firm of investigating accountants, Robson Rhodes, had been appointed to investigate the error in the invoice and to recommend new accounting procedure.

He stressed that when the question of re-appointment of auditors came up at the reconvened AGM there was no loss of confidence in the company auditors, Rothenberg Noble and Co. "On the information we have so far it would be unjust to blame the accountants," he added.

Questioned by a shareholder on the balance sheet errors, Mr. Fenlaugh said that the company knew that a growing number of companies were breaking away from deferred tax and using the guidelines of exposure draft 19. "We will be doing it this year."

The same shareholder said that the mistaken results, published on July 27, showed earnings at 19.45p per 25p share, and that the share price had risen in one day by 10p to 83p. Asked if the board would consider compensating those who had bought the shares on the wrong information, Mr. Fenlaugh said: "No comment."

At other AGMs yesterday:

Mr. J. A. Cater, the chairman of Distillers Company, said that during these first five months the company had achieved sales levels much in line with its forecasts in all areas of business. He therefore continued to view prospects for the current year with the same guarded confidence expressed two months ago.

Official statistics of industry clearances in the UK during the first quarter and of shipments to overseas markets in the first four months indicated substantial increases when compared with the same period in 1977.

In the first quarter in the current year there had been considerable advance buying ahead of price increases that not only came later in the calendar but were well signalled to the trade. Distillers' sales in the period were significantly higher than those of last year.

Its potential in the UK market was however somewhat weakened by the steps taken in response to the EEC Commission's ruling. Nevertheless it retained some strong brands.

Distillers is currently somewhat below last year's level of shipments to the U.S., which were inflated by advance buying ahead of a longshoremens' strike. In all other export markets total shipments to date match forecasts.

Mr. Cater says that in the past four weeks Finland and France had raised or proposed to raise duty levels by 8 per cent and 10 per cent respectively, and Australia had increased its by no less than 80 per cent. Some diminution in future sales volumes to these markets must be inevitable as a consequence, he said.

At the Associated Television AGM Lord Grade, the chairman, said directors had "very great hopes" for the company.

Asked after the meeting how things were going this year Lord Grade commented "great." He had high hopes for films being made by the group.

Asked about the new venture to produce TV films and series for the U.S. networks, Lord Grade said the group was taking on the major U.S. companies at their own game, "and we'll lick 'em."

At the meeting shareholders gave their approval for the name of the company to be changed to Associated Communications Corporation.

Lord Grade said later he had not been worried about the publicity surrounding his big salary increase. "If I really only worried about money I would have done this four years ago when the contract should have been done," he said.

At Cooper Industries Mr. Charles Cooper, the chairman, said that the current year had started extremely well and he anticipated a considerable increase in profits for the year. Negotiations were in hand for the disposal of the group's building company, Wetenhall Cooper.

At Danks Gowerton, Mr. Arthur Roe, the chairman, said that in the first half of this year the order intake of the engineering division was running at a rate in excess of the annual forecast.

Also, tenders for new projects were running at a satisfactory level and the prospects of a reasonable number crystalising into firm contracts were very encouraging.

Internationally the steel industry had taken a "real hammering," but the group was not only holding its own in the share of the market, but was exceeding the performance for 1977, albeit marginally.

Mr. Roe was confident that the existing order book of the engineering division and the encouraging trend of orders placed on the steel division would this year produce record results for the group.

Mr. Sampson Goldstone, chairman, told the members of Ward and Goldstone, Manchester electrical engineers, that the company's productivity was improving. Order books in all divisions were at a higher level than a year ago.

Increase for Australian and Intnl. Trust

Gross revenue of Australian and International Trust increased from £353,399 to £396,858 for the year ended July 31, 1978. Net revenue was £199,501 against £169,735.

Earnings per 50p share are shown at 3.33p compared with 2.83p and a final dividend of 2p makes a total of 3p against last year's single 2.7p.

Net asset value per share amounts to 129.6p (117.2p).

Sharp fall for New Serendah

Another Malaysian rubber company, New Serendah Rubber Co.,—managed by Barlow Boustead Estates Agency—has reported a sharp drop in profits owing to the effects of the drought of the past two years.

New Serendah, in which British investors have a substantial holding, reports pre-tax profit for the first half down to 1.1m ringgits from 2m ringgits.

As expected, the sharp fall in palm oil output—from 13,500 tons of fresh fruit bunches to 7,100 tons—accounted almost entirely for the reduction in profits.

Although crop output for the second half is expected to improve the shortfall in the first half is unlikely to be recovered. An interim dividend of 5 per cent is to be paid.

McLeod Russel upsurge

THE DIRECTORS of [...] Russel and Co., tea estate c[...] report an increase in turnc[...] the March 31, 1978, yea[...] £16.94m to £21.29m and a[...] expansion in taxable prof[...] £5.78m to a record £8.43m.

Earnings per £1 share ar[...] as 46.21p against 38.41p [...] dividend is stepped up [...] net, as forecast, compare[...] 10p.

Magnolia group higher

SUBJECT TO tax of £216,0[...] pared with £175,000 pr[...] Magnolia Group (Moulding[...] from £337,000 to £415,000 [...] June 30, 1978 six months.

Turnover advanced from [...] to £2.57m and directors s[...] provided demand for its p[...] is maintained at the curre[...] they anticipate a sati[...] improvement for the full y[...]

Fully diluted earnings p[...] are given at 10.5p agains[...] and the interim dividend i[...] from 0.851745p net per 10[...] to 0.950685p. Last year a [...] 2.69767p was paid on pr[...] £608,000. An additional 0.[...] is now palable for 1977.

After dividend payme[...] £15,000 (£13,000), retaine[...] of the manufacturer and i[...] of picture frame mouldir[...] £184,000 (£149,000).

T. Jourdan looks to second half

Profits before tax of [...] Jourdan were down from [...] to £151,000 in the first half [...] year but directors are look[...] a better second six month[...]

They say there is a pros[...] an improvement in the [...] sales by the engineerin[...] panies in the second half [...] efforts made in new mark[...] this will contribute to a [...] result for the group than t[...] reported.

Profits from royalty inc[...] the Mary Quant subsidia[...] from sales of consumer p[...] increased in comparison w[...] year's first half and this [...] continues, the directors s[...]

The drop in group pro[...] primarily due to the dec[...] sales in real terms of the [...] other companies, particul[...] the Middle East and [...] markets.

Earnings per share are [...] at 1.79p (2.67p) and the [...] dividend is lifted from 0.[...] 1.005p — the previous to[...] 2.8875p when pre-tax pro[...] £499,000.

Hoffnung forecasts improvement

PROFITS AT S. Hoffnung and Company for 1978-79 are expected to show an improvement over last year's depressed results, although the trend is unlikely to be reflected in the interim results, Mr. H. Roland Bourne, the chairman, says in his annual statement.

He says the process of re-organising the wholesaling operations in Brisbane and Sydney, Australia, and the improvements looked for from its subsidiaries, Tallerman, Pynor, Willis Group, Davis and Penney, Commonwealth Moulding and from its computer centre should result in increased pre-tax profits from the Australian group. The UK operation, G and M Power Plant, also continues to progress.

As previously reported taxable profit in the year to March 31, 1978 fell from £4.53m to £2.78m on turnover down £1.5m to £105.32m. Profits fell because of the difficult economic climate in Australia, a decline in the wholesaling business profitability in Brisbane and Sydney and rationalisation costs involved there, a bad performance by two Australian subsidiaries and the strengthening of sterling.

For the current year termination loss of £175,000 is expected on the wholesale operations. Already the Sydney and Brisbane operations have been slimmed down, and this process will be continued to reduce the group's large investment in wholesaling and restore his traditional business to profitability.

Steps have also been taken to improve the New South Wales wholesale grocery division, while in the toy division, Willis Holdings is expected to produce improved results this year following rationalisation and the appointment of new management.

Also in toys, the move out of wholesaling by A. H. Pynor is expected to eliminate the losses of which last year totalled A$207,700.

In the agency division some management changes have been made, overheads have been pruned, new agencies for imported goods have been obtained, and the holding of bulk stock has been concentrated in Sydney. Rationalisation here will not be complete until towards the year-end, but an improved result is anticipated.

Further improvement in the manufacturing division is forecast, while expansion of the retail hardware operations is under-way.

At balance date net current assets stood at £15.79m against £16.18m, and fixed assets were £13.52m (£13.86m).

Meeting, Liverpool Street, EC, October 9 at 12.15 pm.

Rise seen by Oxley Printing

INCLUDING GOVERNMENT assistance to certain subsidiaries of £138,000 against £232,000, profits before tax of Oxley Printing Group increased from £519,000 to £705,000 in the half year ended June 30, 1978.

Market conditions are reasonable at present, and second-half profits are expected to be not less than in the first six months despite a considerably reduced amount of Government assistance, the directors say.

The interim dividend is lifted from 1.0725p to 1.1976p on capital increased by conversion of loan stock—the total last year was 2.475p from pre-tax profits of £1.41m.

Turnover for the first half was £11.23m against £9.64m. Net profit amounted to £661,000 compared with £483,000.

Strong first half recovery at G. Oliver

A sharp recovery in pre-tax profit from £37,000 to £280,000 is reported by George Oliver (Footwear) for the first half of 1978.

Sales were up from £3.48m to £4.11m, and directors say that since the end of the half year sales have continued at a satisfactory level.

Net profit came out at £135,000 (£18,000) after tax of £145,000 (£19,000). There were extraordinary credits of £15,000 compared with £290,000 previously.

The interim dividend is up from 0.58p to 0.64p net per 25p share. Last year a 1.87p total was paid from peak profits of £648,440.

Winston Ests. £150,464 at halfway

First half 1978 pre-tax profits of Winston Estates rose to £150,464 against £97,865 and included £44,373 surplus on sale of rental property for the period.

Tax took £53,734 compared with £55,550 leaving net profit ahead at £96,730 (£42,315).

The directors state that since the figures were prepared they have become aware that the building costs of the development of seven houses at Rochester, Kent, will exceed estimates. As a result, some provision for a loss will have to be made, they say, in the full year's accounts.

Profit for 1977 was £200,666.

In order to reduce disparity the net interim dividend is stepped up to 0.5025p per 25p share against 0.4125p and the directors also announce an additional payment of 0.0130495p for 1977 on the reduction in ACT. Last year a 0.861267p final was paid.

There were better trading results from Exeter Mercury Motor Inn—the group holds 49 per cent of the equity—but the directors say that during the six months, revenue from properties was slightly lower than expected.

'Shell' lifts interim to 10.55p

The directors of "Shell" Transport and Trading Company are lifting the net interim dividend from 8.822p to 10.55p per 25p share in respect of the 1978 year and an additional 0.104p is also announced for 1977 following the reduction in ACT. Last year's final was 6.882p.

Although at this stage the directors cannot determine the 1978 results, they say the company's high dividend cover for 1974 seems likely to preclude the application at the end of the year of any relief under the new dividend cover formula included in the legislation.

The interim dividend at Royal Dutch Petroleum Company is maintained at Fl 5 per share—the 1977 final was Fl 5.75.

Prince of Wales Hotels sees record

With turnover and profits well ahead for the first 28 weeks to July 12, 1978, the directors of Prince of Wales Hotels are expecting record profits for the current year.

First half profits are at a peak £118,660, against £45,240, from turnover of £1.89m compared with £1.62m. In view of the encouraging result the directors are declaring a maiden interim dividend of 0.5p, absorbing £20,250.

Last year's payment was a single equivalent 0.83783p on pre-tax profits of £376,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Caldwell to be Ford Motor president

DETROIT, Sept. 14.

...RD MOTOR directors have ...cted Mr. Philip Caldwell, vice-...airman, to the additional ...sition of president of the com-...ny effective October 16.

...Mr. Caldwell succeeds Mr. Lee Iacocca who resigned on July ...

In addition, executive vice ...esident Mr. John McDougall ...s appointed executive vice ...esident operations for North ...nerican automotive operations, ...e company said.

Mr. Henry Ford II, the chair-...n said the technical group and ...e car and truck group will both ...port to McDougall.

Earlier this week Henry Ford ...d reporters that the company ...uld not name a new president ... this week's Board meeting.

...nion Oil sale

...ion Oil of California is ...ling its 38 per cent stake in ...ruzen Oil, a Japanese refining ...d marketing company, a ...mber of Japanese interests ...signated by Maruzen for about ...m, AP-DJ reports from Los ...geles. This will result in a ...pital gain of around $40m, ...er U.S. tax, which will be ...luded in Union's fourth ...arter results. Union oil and ...ruzen agreed to continue ...ir many businesses and tech-...ogical relationships, Union ...d.

...ughes Tool purchase

...GHES Tool has completed its ...uisition of Brown Oil Tools, ...orts AP-DJ from Houston. ...e merger was accomplished ... issuing Brown 865,000 shares ...Hughes stock valued at more ...n $37m plus $2m in cash. ...ore merging, Brown paid its ... principal stockholders $7.5m ... certain patent rights. Brown ...privately held and makes and ...s subsurface oil production ...ls. It earned $3.8m and $2.6m ... revenues of $12.4m and ...6m in the fiscal year ended ...rch 31, 1977 and 1978.

...rroughs hint

...roughs S.A., French unit of ... U.S. business machines ...up, is expected to announce ... closure of its research unit ... Pantin outside Paris within ... next few days, industry ...rces said, reports AP-DJ from ...is. The 90 employees at the ...tre will be found jobs else-...ere within the group, the ...rces said. They said the move ... in line with the parent com-...y's efforts to streamline its ...rseas operations over the ...t few years. Officials of ...roughs SA were unavailable ... comment.

Hanes agrees to merger with Consolidated Foods

BY JOHN WYLES

NEW YORK, Sept. 14.

ONE OF the star performers of the U.S. hosiery and clothing industry, Hanes Corporation, agreed to-day to its acquisition for $260m by Consolidated Foods.

The merger, for either $61 a share or interest bearing subordinated notes, will add close to $500m a year to the $3.5m sales of Consolidated Foods. The Maryland-based diversified food processor already has clothing subsidiaries and the addition of Hanes will significantly add to its product lines.

A shrewd management with a talent for innovation coupled with disciplined marketing have enabled Hanes to consistently outpace the womens' hosiery and general sportswear industry. The North Carolina company's hosiery sales have leaped 140 per cent since 1971 compared with an 8.5 per cent decline in industry sales generally while its knitwear sales have risen 75 per cent compared with a general 38 per cent, and its brassiere sales by 45 per cent compared to 38 per cent.

Hanes is thought to have been on several companies' lists of possible acquisition targets, but the first hurdle to an agreement has long been the Hanes family which controls 19 per cent of the stock. Under the agreement announced today, the family will sell "between 15 and 22 per cent of Hanes outstanding stock independently of the merger but on the same terms provided for in the merger."

Since the beginning of June, Hanes stock has risen from $37 to $54 at the close of trading on Tuesday when it announced it was discussing a merger. The agreed price of a little over 12 times earnings, which is a modest premium compared to several other acquisition agreements announced this year. However, the company's earnings are expected to grow at a relatively slow rate of around 5 per cent this year with a substantial improvement predicted for 1980 when a new cosmetic line is expected to be marketed nationwide. In fiscal 1977, Hanes earned a net profit of $20.8m on sales of $414.2m.

When Hanes opened for trading on the New York Stock Exchange after this morning's announcement the shares traded at $58¼, up $3¾.

B. F. Goodrich on tax charges

BY DAVID BUCHAN

WASHINGTON, Sept. 14.

THE Justice Department has filed charges against the Ohio-based tyre company, B. F. Goodrich, and its vice-president for administration, Mr. Thomas Blazey, alleging that the company falsely claimed in deductions on its 1971-73 tax returns amounts totalling $68,000, which instead went into a political contribution fund.

The tax violation charges were brought, Justice Department officials say, partly because the statute of limitations had in this case run out for any prosecution under the law that makes it illegal for companies to give, and for politicians to receive, corporate political contributions.

Mr. Blazey faces a possible three prison sentences and $5,000 fine for each of the three years during which the Justice Department claims Goodrich's returns were falsified.

He is charged with aiding and abetting the filing of false tax returns. As a result of Goodrich's action, the Department claims it underpaid its taxes by nearly $30,000.

The Ohio company strongly rebutted charges. A spokesman said: "We are accused of trying to evade $29,497 in taxes during a period when the company paid over $25m of federal income taxes. It is absurd to believe a corporation of this size would attempt to evade such a small amount of taxes."

It is understood that a separate lawsuit would be necessary if the Government wanted to force the company to make good the allaged underpayments.

In general terms, although corporate political contributions were made illegal at the turn of this century, they were a fairly common American practice until 1973-4 Watergate and slush-fund scandals led the Government to start cracking down.

Canadian paper moves

BY ROBERT GIBBENS

MONTREAL, Sept. 14.

THE TROUBLES of Reed Paper, the Canadian arm of Reed International may become a catalyst for a major re-alignment of the eastern Canada pulp and paper industry. Events have moved swiftly in the past month since Canada's largest products company MacMillan Bloedel revealed it was looking over the remaining assets of Reed Paper in Ontario and Quebec with a view to acquisition. No decision has been announced.

Then a Toronto group headed by Mr. Maurice Strong, former senior United Nations official, and former Canadian businessman who reputedly made his first million dollars in the oil exploration business by the time he was 25, began buying into Toronto's Abitibi Paper, which, together with its 58 per cent owned Price Co. associate of Quebec City, is the world's largest newsprint producer.

Mr. Strong has several associates: Paul Nathanson, realty and entertainment entrepreneur, of Toronto, Jack Mackenzie, well-known Toronto financial expert and Andrew Sarlos, another well-known Toronto financial man. They acquired around 1.8m shares of Abitibi at an average C$17 a share or around 10 per cent of the shares outstanding.

No other holders of Abitibi shares had more than 3 or 4 per cent each. It appeared that the Strong group, whether acting for itself through a private Toronto holding company HCI Holdings, or with the backing of unidentified major financial interests, organised crime spuad stepped had bought effective control of Abitibi.

Interprovincial Steel project

REGINA, Sept. 14.

INTERPROVINCIAL STEEL and Pipe Corporation will start construction shortly on new rolling mill facilities at its plant here, the first phase of a long-standing planned $80m major expansion programme.

The group plans to spend $45m on the new rolling mill facilities and certain other capital expenditures intended for the near future. Construction of these facilities will be completed early in 1980.

The new rolling mill facilities will increase the company's rolling capacity by about 50 per cent and enable it to produce a wider range of sheet and plate steel products and steel in the form of coils that meets specifications for the proposed Alaska gas pipeline.

AP-DJ

Ashland Oil plans stock redemptions

ASALAND, Sept. 14.

DIRECTORS OF Ashland Oil have approved the purchase of up to 5m shares of Ashland's outstanding common, pursuant to a cash tender offer at $47 a share and the redemption of all $100m principal amount of Ashland ten per cent sinking debentures due 2000.

The tender offer and formal notice of the redemption will be made shortly after the completion of the sale of Ashland's 90 per cent stock interest in Ashland Oil Canada to Kaiser Resources. That sale is now anticipated to be completed on about October 3, the company said.

Ashland said the previously announced agreement with Kaiser Resources remains subject to, among other things, the approval of the Canada Foreign Investment Review Agency.

The net proceeds of the sale of Ashland Canada would be about C$321.7m, about US$280m.

The balance of the needed funds would be generated from internal funds and bank borrowings.

The redemption price of the debentures will be 108.5 per cent of the principal amount plus accrued interest to the redemption date.

AP-DJ

Gamble-Skogmo

Gamble-Skogmo has agreed in principle to acquire Aristar in a transaction valued at $41.3m in stock and debentures, reports AP-DJ from Minneapolis. Gamble-Skogmo currently owns about 51 per cent of Aristar's common. Under the agreement, subject to various Board and shareholder approvals, common shareholders of Aristar other than Gamble-Skogmo would receive one share of Gamble-Skogmo common for each 5¼ shares of Aristar common.

Loss at Harding

HARDING CARPETS, one of Canada's largest carpet manufacturing firms, reports third-quarter loss of C$517,034 against a profit of C$330,259 or seven cents a share, writes Robert Gibbens. Sales were C$17.5m (C$18.1m). Retail markets were soft and prices "extremely competitive." Efforts to reduce inventory and some "abnormal credit losses" were also factors. Full effects of programmes to raise efficiency and concentrate on new products should take effect in the next year.

Eurofranc bond market to be revived this weekend

BY MARY CAMPBELL

THE FRENCH franc Eurobond market is to reopen tihs weekend with an issue for the European Investment Bank. Approval was given by the French Treasury on Wednesday night, and invitation telexes will be sent out tonight.

The terms of the FFr 200m ($46m) issue will include a coupon of 9¾ per cent on a 10-year final maturity.

A purchase fund will operate in the first few years to reduce the average life to 8½ years. As expected, Credit Commercial de France will be lead manager.

French banks said yesterday that the basic agreement between the French banks and the Treasury is that there will be one issue per month between now and the end of this year, with the amount normally set at no more than FFr 150m and maturities set at between five and 10 years. After this period of observation, the intention reportedly is that there should be up to two issues each month. A rotation between French and international borowers is expected. There are no restrictions on where the proceeds of issues may be spent.

Comparable issues to the new EIB offering are currently yielding between 9.7 and 9.9 per cent.

Dollar Eurobond prices were again steady yesterday despite expectations of a higher U.S. prime rate and foreign exchange market nervousness about the dollar. The D-Mark sector meanwhile was again very strong.

The D-Mark foreign issue calendar for the coming month has been boosted to between DM865m and DM940m from the originally planned figure of around DM750m, Reuter reports from Frankfurt.

The calenda comprises ten issues, and the final volume is not certain as the size of certain individual bonds has yet to be decided.

Indonesia will open this month's D-mark foreign issue calendar with a DM 100m issue led by Dresdner Bank on September 18, bond market sources said.

This will be followed on September 20 by a DM 25 offering from Girozentrale of Vienna, led by Westinghouse Landesbank and on September 25 by a DM 50m South African bond led by Bayerische Vereinsbank.

Deutsche Bank will bring a DM 50m issue for a European borrower on September 27. On October 2, West LB will offer a DM 150m bond for Venezuela, as part of a DM 500m financing which will also include a 12-year DM 350m 7½ per centl oan.

The sources said DG Bank will bring a DM100m bond for an unknown borrower on October 5, followed by the next day by a DM150m-DM200m offering for Argentina led by Deutsche Bank.

Stanley Electric sees gain

BY OUR FINANCIAL STAFF

STANLEY ELECTRIC Company, the Japanese manufacturer of motor vehicle lighting equipment, expects its net profits at the parent company level to rise by 4.5 per cent to Y2.45m ($12.8m) in the year to March. An increase of 4.6 per cent to Y52m ($271m) is forecast for sales.

These figures were given in London yesterday by Mr. Tataoki Kitano, the company's president. Stanley on Tuesday signed the agreement for an issue of DM40m of 3.5 per cent convertible bearer bonds, 1978/1985, at par. The conversion price is Y623.

As a result of uncertainty over the outlook for the yen, the company is making no firm forecast of its consolidated results for the year. In 1977-78, it increased consolidated net profits by 20.3 per cent to Y.2.55bn, and sales by 18.5 per cent to Y.49.7bn. The year's improvement was attributed to growth in its vehicle lighting equipment business, and to a stronger financial position, but it also reported a "good advance" in sales of copying machines.

Apart from lighting equipment for vehicles (around 60 per cent of sales), the company's products include specialised light bulbs (14 per cent), and semi-conductors and other electrical equipment (18 per cent).

Although the company's direct exports are small, it is estimated that nearly half its output is incorporated in products eventually sold abroad.

Part of the proceeds of the Deutschemark issue will be used to rationalise its production lines.

Move for closer Fiat-SEAT link

BY DAVID GARDNER

MADRID, Sept. 14.

TWO TEAMS of Fiat executives are visiting Barcelona and Madrid to take part in discussions on how to link SEAT, Spain's largest producer of saloon cars, more closely to the Italian car company, which already holds 36 per cent of SEAT's equity.

SEAT is the only car manufacturer in Spain with a significant local holder—the state holding company INI owns 34.6 per cent of the equity with the rest spread among Spanish banks—but it has run into difficulties through a decreasing public appeal of its standard models.

SEAT has seen its share of the Spanish market drop from a commanding 60 per cent in 1970 to under 30 per cent last year. Its lead has been taken over by Fasa-Renault, closely followed by Chrysler and Citroen, while the advent of Ford, in 1976, took up any slack on the home market that could have benefited SEAT.

With a turnover of Ps.83bn last year, on production of 353,000 cars, it made a slender profit of Ps.406m. It announced at the end of July that losses this year could total between Ps.2bn and Ps.3bn, giving a strong boost to the solution mooted by SEAT management at the beginning of the year, and subsequently adopted by INI, of increased participation by Fiat.

This suggestion is reinforced by prospects of Spanish entry into the EEC, and the lowering of high protectionist tariffs which had hitherto cushioned SEAT. Furthermore, since SEAT is dependent on Fiat, both for technological innovations to make its models more attractive, and on agreements for export to third countries—which accounts for 40 per cent of SEAT's sales, it is argued that the only way to make SEAT competitive with its multi-national rivals is by ensuring it enjoys the same economies of scale. The alternative would be for the government to take over SEAT. The company then have to provide its own technology and find its own markets, an option INI considers unrealistic.

The SEAT team will be looking closely at the details of Fiat's production at its three plants at Barcelona, Martorell and Pamplona, and particularly it will sound out the attitude of trade unions in the company.

Reshaping of Massey's Italian operations likely

BY PAUL BETTS

ROME, Sept. 14.

AS PART of its European rationalisation, Massey-Ferguson is believed to be considering the closure of the construction equipment assembly line at Aprilia, involving some 300 jobs, and the conversion of the plant to strengthen the company's activities in Italy in the farm machinery and light industrial machinery sectors.

These activities, at present concentrated at three plants in northern and central Italy at Como, Ravenna and Fabbrico, represent about 65 per cent of the Italian subsidiary's turnover estimated to total this year about $250m, or some $40m more than in 1977.

Over the past four years, the Italian subsidiary has increased its production capacity of agricultural machinery from about 8,000 units to some 18,000 units, and has seen its market penetration rise by 11 per cent to 20 per cent in this sector in Italy.

Its agricultural machinery activities have enabled the Italian offshoot to report net profits of some L6bn ($7.2m) last year, despite the losses of the construction machinery sector.

Massey-Ferguson is watching closely moves by one of its international competitors, John Deere, the U.S. group which is believed to be negotiating the purchase of one of Italy's leading agricultural machinery companies, SAME of Treviglio, near Bergamo. SAME accounts for about 25 per cent of the Italian market. The main bulk, of course, is controlled by Fiat.

The Aprilia plant, with 1,200 workers of Massey-Ferguson's overall labour force in Italy of 3,500, is one of the biggest employers in the industrial area south of Rome.

● A spokesman for Massey-Ferguson commenting on redundancies said in Toronto yesterday that most of the 9,000 lay-offs to bring worldwide manpower down to 58,000 by October 31, 1978, had been announced and the workers affected told.

It is clear, however, that the company is engaged in a study of its combine harvester manufacturing plants in Europe as well as looking for other economies worldwide.

New team takes over at Massey-Ferguson, Page 20

Bayerische Vereinsbank rights issue

By Guy Hawtin

FRANKFURT, Sept. 14.

BAYERISCHE Vereinsbank, the large Munich-based commercial bank, today announced that it is planning a rights issue aimed at raising DM 171m ($86.5m). The reason for the new issue is that the bank's business volume has risen substantially and West Germany's strict federal banking regulations closely link a bank's ability to lend to its working capital.

According to today's statement the bank's nominal capital is to be increased by DM45m to DM360m. A nominal DM41.9m will be issued in the form of normal DM50 nominal ordinary shares, while the remainder will be accounted for by new non-voting preference shares—all to be taken up by the Bayerische Landesstiftung, the Bavarian state foundation.

The new shares will carry dividend rights from October 1 this year and shareholders are to be offered the ordinary shares at a price of DM190 per share at a ratio of one-for-seven. The offer will be open from October 16 to October 30.

Today's news follows comparatively hard on the heels of the last capital raising. In December last year the bank increased its nominal capital by DM29m to DM315m. However, since the end of last year when it stood at DM37.3bn the bank's business volume has climbed substantially. At the end of August it was running at DM39.7bn.

Advance at Ogem in first half

BY MICHAEL VAN OS

AMSTERDAM, Sept. 14.

OGEM, the Dutch-based international trading and construction company, reports a first-half net profit of Fl 13.5m ($6.2m), which is up 22 per cent on the same period of last year. The board expects the year's net profit to be "substantially up" on the 1977 figure of Fl 27.3m.

According to the company's half-year statement, published in Rotterdam today, January-June sales have increased to Fl 1.74bn ($804m), from Fl 1.59bn. Last year's turnover amounted to Fl 3.5bn.

Ogem added in a short comment that the building division had shown an improvement from the first six months of 1977. But the results from the domestic building activities, especially in housing construction, remained "disappointing." The trading division saw its operating result decline as a result of reduced margins and rising price-competition. Overall, the division's profits were up, however, thanks to improved results from non-consolidated participations and lower taxation. The technical division developed "very favourably."

The net profit per Fl 10 share rose to Fl 2.39 in the first half (Fl 1.97) and the per share cash flow was up to Fl 7.57 (Fl 5.90).

Denmark to refinance $1.24 bn. loans

BY MARY CAMPBELL

DENMARK is to arrange a new Euroloan of $1,235m to prepay four loans arranged in the last three years. The new loan will extend the date when much of the Kingdom's foreign debt is due to be repaid. It will also cut the interest costs of the debt.

The terms of the new $1,235m loan will include a seven-year final maturity with a three-year grace period before repayments start and a margin payable over inter-bank rates of ¾ per cent. It is understood that Denmark has agreed to pay a management fee on the new loan, albeit at a much lower figure than if the loan were a completely new financing. Banks subscribing to the new loan will be offered participation fees ranging from ⅛ per cent on subscription of $20m or more to 1/16 on amounts of $2½m-$5m.

The margins payable over inter-bank rates on the loans which will be prepaid range from 1¼ to 1½ per cent so that Denmark will be saving between ½ and ¾ per cent per annum on its foreign borrowing from commercial banks as a result of the renegotiation.

Lead managers for the new loan will be Chase Manhattan Limited, Citicorp International and Morgan Guaranty.

Some bankers said last night that Denmark could have achieved slightly lower costs on the new financing if it had pushed for them. In a Press statement yesterday, Chase Manhattan Limited said that "the terms and conditions of the replacement facility have been fixed with a view to retaining as many as possible of the institutions participating in the facilities to be repaid.

It seems that most of the managers of the previous loans have provisionally agreed to come into the new loan.

Banks will doubtless make comparisons with Sweden's request that its $1bn loan be refinanced for a maturity of 10½ years at a margin of ⅝ per cent and without payment of a management fee. Banks are currently negotiating with Sweden on this.

● The State-owned Ku[wait] National Petroleum Com[pany] has raised $80m in the [...] market to finance a prop[osed] purchase of petrol[eum] product tankers, Reuter re[ports] from Kuwait.

It was reported locally [that] the privately placed loan [is] for nine years at a margi[n of] ⅝ per cent above London i[nter]bank offered rate during [the] first four years and ¾ per [cent] for the remaining five.

It was arranged and m[...] provided by the Ku[wait] Foreign Trading, Contra[cting] and Investment Company[, in] which the Kuwait Govern[ment] has a stake of 80 per cent

RVI looks to the longer term

BY DAVID CURRY

LYON, Sept.

AN INTENSELY gloomy picture of the present state of the French commercial vehicles market, but strong optimism for the longer-term prospects of Renault's commercial vehicles operations was expressed today by M. Francois Zannotti, chairman of Renault Vehicules Industriels.

Introducing the new integrated Saviem-Berliet heavy and medium range, to be formally unveiled at the Paris Motor Show, M. Zannotti said losses at RVI would certainly be as severe as last year's FFr 250m and could be worse. So far this year losses were greater than at the same point of last year. Nor did he see much hope for a general recovery of capital investment in 1979.

The market for vehicles of more than 5 tonnes had fallen by a quarter over three years. The 1976 market had been 10 per cent down on that of the previous year; 1977 had fallen by a further 6 per cent, and through last July the market had run 13 per cent down on 1977. In other words, said M. Zannotti, the market was now at its level of ten years ago.

RVI had been obliged in 1977 and in the early part of this year to reduce its workforce by 1,800 by early retirement, and government price controls and restrictions had prevented the group from tackling its fundamental problems earlier. He said the group would adjust all its activities to meet market demands.

However, he re-affirmed that the FFr 5bn investment programme to renew the range and equipment remains basically intact, though it will now stretch over a longer period than five years to 1982 originally forecast, M. Zannotti emphasised that there was no cash crisis as such and that the parent company, Regie Renault, would remain faithful to its [pro]gramme to finance [...] increases of FFr 1.4bn ov[er ...] years at its commercial [vehicles] subsidiary.

M. Zannotti said he had [kept] RVI out of the price war [in the] French market. This was [at its] worst last winter with dis[counts] up to 40 per cent being c[...] The average was 25 to [...] cent. Prices were still [...] cent below their "pr[...]" level, he said. The compa[ny was] prepared to suffer a [loss of] market share — it now h[as less] than 50 per cent of the [...] — rather than suffer an [outflow] of cash because of price-c[...]

FN Herstal in line with forecast

LIEGE, Sept. 14.

BELGIUM's leading arms manufacturer, Fabrique Nationale Herstal, is to pay a net interim dividend of BFr 100 a share for the 12 months ended June 30, against BFr 170 for the previous period.

Net profit for the period fell to BFr 66m ($2m) from BFr 197m owing to a strike last February and March. The figures confirm forecasts made in July.

FN has decided to change its financial year to end in December 31 and the current period will last 18 months until the end of this year.

Turnover was unchanged at BFr 10.5bn ($339m) and is expected to reach BFr 6.2bn in the last six months of 1978, when profits should improve again

Agencies

Olivetti raising new capital

BY OUR OWN CORRESPONDENT

ROME, Sep[t.]

OLIVETTI PLANS to increase its capital early next year, following the success of its recent L40bn (US$45m) rights issue. Part of the new capital operation is intended for those major shareholders in the office equipment firm who failed to take up their quota during the recent share issue because of the strong demand from the public.

Confirmation of plans for a new capital operation follows the announcement here of two major, medium-term loans in lire for Olivetti, which is actively engaged in consolidating group debt on a medium-term basis. By the end of this year, according to company officials, Olivetti aims to have consolidated around 80 per cent of its debts in this way.

Group sales rose 15.4 per cent in the fist eight months of this year, to L859bn. The company has been running at a loss in recent years, but under the management of its newly appointed vice-chairman, Sig. Carlo de Benedetti, it has embarked on a cost-cutting programme aimed at bringing group operations back into balance as soon as possible.

Meanwhile, news of another capital increase, this time through a free share issue, comes from Mediobanca, the medium-term credit bank which is one of Olivetti's controlling shareholders. Mediobanca has announced a one-for-six scrip issue and plans for the early repayment of a 1977 bond issue. It also announced an unchanged dividend of L1,200 for its financial year ended June 30, profits of L30.5bn.

The bank, controlled by three "national interest" Banca Commerziale, Ba[nco di] Roma and Credito Italia[no, is] the organiser of Olivetti's rights issue and has been [...] involved in some of th[e most] spectacular Italian financi[al ...] of recent years. Its ch[airman,] Sig. Enrico Cuccia, is und[er]stood to be negotiating t[he sale] of a 10 per cent stake [in the] ailing Montedison Ch[emical] Group to a group of [...] investors.

Elsewhere, Fiat is ra[ising a] medium-term syndicated l[oan of] up to L100bn. The inter[est] will be based on [the] secondary market yield [of a] basket of publicly [...] domestic bonds.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8⅛pc 1989	93	98⅞
AMEV 8pc 1987	95	95½
Australia 8¼pc 1992	94½	95½
Australian M. & S. 9½pc '92	99	99½
Barclays Bank 8¾pc 1992	96	96½
Bowater 9½pc 1992	98½	99¼
Can. N. Railway 8¾pc 1986	95½	96½
Credit National 8¼pc 1986	97½	98½
Denmark 8¾pc 1984	97½	98½
ECS 9pc 1993	99½	100½
ECS 8¾pc 1997	96	96½
EIB 8¾pc 1992	96½	97
EMI 9½pc 1989	98½	99½
Ericsson 8¾pc 1989	97	97½
Esso 8pc 1986 Nov.	99	99½
Gt. Lakes Paper 8¾pc 1984	98½	99
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	97½	98
ICI 8¾pc 1987	97½	98½
ISE Canada 9¾pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	98	98½
Massey Ferguson 9½pc 1991	97½	98½
Michelin 9¾pc 1988	100	100½
Midland Int. Fin. 8¾pc '92	97½	98
National Coal Bd. 8pc 1987	94	94½
National Wstmnstr. 9pc '86	100	100½
Natl. Wstmnstr. 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bank 8¾pc 1988	97½	99½
Norges Kom. Bk. 8¾pc 1992	95½	96½
Norpipe 8¾pc 1989	96½	97
Norsk Hydro 8¾pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	99	99½
Prov. Quebec 9pc 1995	97½	98
Prov. Saskatchwn. 8¾pc '86	98	98½
Reed International 9pc 1987	95½	95½
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	92	93
Shell Intl. Fin 8¾pc 1990	95½	96½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	95½	96½
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7¾pc 1984	92	92½
Bell Canada 7¾pc 1987	97	95½
Br. Columbia Hyd 7¾pc '85	93½	94½

	Bid	Offer
Can. Pac. 8¾pc 1984	98	98½
Dow Chemical 8pc 1986	95½	96½
ECS 7¾pc 1982	95½	96
ECS 8¾pc 1989	94½	95
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¾pc 1984	95½	96½
Gotaverken 7¾pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98	99
Montreal Urban 8¾pc 1981	99	99½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	98½	99½
New Zealand 8¾pc 1986	96	96½
Nordic Inv. Bk. 7¾pc 1984	94	94½
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95
Ontario Hydro 8pc 1987	94	94½
Singer 8¾pc 1982	98½	99½
S. of Scot. Elec. 8¾pc 1981	98½	99½
Sweden (K'dom) 7¾pc 1982	95½	96
Swedish State Co. 7¾pc '82	95½	96½
Telmex 9¾pc 1984	99	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10¾pc '90	90½	91½
Citicorp 10pc 1993	92½	93½
Courtaulds 9¾pc 1989	89½	90½
ECS 9¾pc 1989	93	94
EIB 9¾pc 1988	97½	98½
EIB 9 pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10¾pc 1987	97½	98½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	92½
Rowntree 10¾pc 1988	92½	93½
Sears 10¾pc 1988	92½	93½
Total Oil 9¾pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5¾pc 1988	94½	95½
ENDF 6¾pc 1984	96½	97½

	Bid	Offer
Canada 4¾pc 1983	98	99
[illegible]orske Ind. Bk. 6pc '90	99¾	100½
[illegible] Bank 4¾pc 1983	98	99
E[illegible] 5¾pc 1990	93½	94½
[illegible] 5¾pc 1990	93½	94½
Elf Aquitaine 5¾pc 1988	94½	95½
Euratom 5¾pc 1987	97½	98½
Finland 5¾pc 1986	97	98
Forsmarks 5¾pc 1990	96½	97½
Mexico 6pc 1985	97	98
Norgem 5¾pc 1989	98	99
N[illegible] 4¾pc 1983	98	90
Norway 4¾pc 1983	96½	97½
PK Banken 5¾pc 1988	95½	96½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5¾pc 1988	94	95
Spain 6pc 1988	96½	97½
Trondheim 5¾pc 1988	95	96
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	95	96
World Bank 5¾pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 9 7/16pc	99½	99½
BNP 1983 9 5/16pc	99½	100½
BQE Worms 1985 9pc	98	98½
CCF 1985 8¾pc	98½	99
Chase Manhttn. '93 9 5/16pc	98	98½
Creditanstalt 1984 8¾pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9¾pc	99½	100½
Intl. Westminster 1984 8pc	99½	99½
Lloyds 1983 8 13/16pc	99½	100½
LTCB 1983 9 1/16pc	99½	99½
Midland Int. FS '87 8 9/16pc	98½	99½
Midland Int. FS '93 9 7/16pc	98½	99½
Nat Wstminstr '90 9 5/16pc	98½	99½
OKB 1983 9¾pc	99½	100½
SNCF 1985 9 5/16pc	99	99½
Std and Chtrd. '84 9 5/16pc	99½	99½

Source: White Weld Securities

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	92½	94
Babcock & Wilcox 7pc '92	127	128
Beatrice Foods 4¾pc 1992	102	103½
Beatrice Foods 4¾pc 1992	115½	120
Beecham 6¾pc 1992	119	120
Boots 6¾pc 1993	105	106
Borden 5pc 1992	95	99½
Broadway Hale 4¾pc 1987	75	76½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	143½	147
Dart 4¾pc 1987	84½	86
Eastman Kodak 4¾pc 1988	88	89½
Economic Labs. 4¾pc 1987	81	82½
Firestone 5pc 1988	77	78½
Ford 5pc 1988	84	85½
General Electric 4¾pc 1987	84½	88
Gillette 4¾pc 1987	77	78½
Gulf and Western 5pc 1988	88	89½
Harris 5pc 1992	230	232
Honeywell 6pc 1986	86	87½
ICI 6¾pc 1992	108½	109½
INA 6pc 1997	99½	99½
Inchcape 6¾pc 1992	114	115½
ITT 4¾pc 1987	79	80½
Jusco 6pc 1992	143½	144½
Komatsu 7¾pc 1990	142	143
J. Ray McDermott 4¾pc '87	163	165
Matsushita 6¾pc 1990	190	191
Mitsui 7¾pc 1990	133	134
J. P. Morgan 4¾pc 1987	101	102½
Nabisco 5¾pc 1988	103½	105
Owens Illinois 4¾pc 1987	118½	120
J. C. Penney 4¾pc 1987	76½	78
Revlon 4¾pc 1987	135½	140
Reynolds Metals 5pc 1988	88½	90
Sandvik 6¾pc 1988	112	114
Sperry Rand 4¾pc 1987	97½	99
Squibb 4¾pc 1987	83	84½
Texaco 4¾pc 1988	77	75½
Texas Int. Air. 7¾pc 1993	103½	104½
Toshiba 6¾pc 1992	135½	136½
Ty Co. 5pc 1984	75	76½
Ty Co. 8¾pc 1988	107	108
Union Carbide 4¾pc 1982	89	90½
Warner Lambert 4¾pc 1987	82½	84
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	76	77½

Source: Kidder, Peabody Securities

ENERGY REVIEW: THE SOVIET UNION

BY ANTHONY ROBINSON

In need of Western help to find more oil and gas

E PUBLICATION last year a highly pessimistic assess- at of Soviet oil and gas pro- :tion capacity and reserves the CIA raised the spectre a rapid Soviet switch from jor net exporter to substan- importer of oil over the next ade.

ince then, closer in- tigation of the CIA's evidence ! thought processes has led ny in the oil industry and :where to conclude that the 's findings may have been venient ammunition for the ter Administration's attempts iwaken Congress to the need a new energy policy but over- simistic as a real assessment the state of the Soviet oil gas industry.

'hat said, however, the Soviet rgy industry clearly does formidable problems over next decade in satisfying the ng demand for energy with- the Soviet Union itself plus ignificant proportion of the rgy requirements of its necon allies and the need to ort oil and gas to the West hard currency.

n spite of the steady decline he ratio between production proven reserves, which is principally to the concen- :ion of drilling effort on pro- tion rather than exploration proving up, there is no son to doubt the enormity Soviet oil, gas, coal and other rgy reserves.

'he problem is that most of oil, gas and coal which has n found, and the vast sedi- ntary basins which remain to explored both in Siberia and shore, lie in remote areas of kless waste with appalling natic conditions.

ut the Soviet Union has little rnative but to tackle them. t has to continually raise its put of oil, gas and coal if it to sustain its own economic growth, keep its East European satellites in a state of relative energy dependence, and earn hard currency ($6.5bn last year) for the development of the oil industry itself and the modernisation of other key sectors of the economy.

Although the Soviet Union possesses an estimated two-thirds of total global coal reserves, the cost of transporting either coal or electricity made from coal over thousands of kilometres from the remote Asian areas of the USSR, where the largest open cast deposits are situated, rules out a really substantial additional contribution from this source. The favoured solution at present is to base massive coal-fired power stations on the Kansk-Achinsk and Ekibastuz coal fields and then build industry and towns around them. This makes sense economically but comes up against the basic human problem that few Soviet citizens are prepared to live and work in Kansk-Achinsk — free housing and substantial bonuses notwithstanding.

Nevertheless, coal output is scheduled to rise above 1bn tons (from the current 720m tons) in the early 1980s and non-conventional sources like geothermal and windpower (specially in the windy Arctic north) will also be exploited.

In the long run, Soviet planners look to nuclear energy to get them off the energy hook and massive investment is being directed to building nuclear power stations on a production line basis. But oil and gas will remain the lynch-pins of the entire Soviet energy structure into the next century, with gas in particular playing an important role in partially substituting for oil, shipments to Comecon.

Achieving massive incremental output from Siberian and off-shore fields to satisfy rising demand and compensate for declining production in existing wells will face the Soviet oil and gas industry with escalating costs and an increasingly sophisticated technological challenge.

Similar problems face the oil and gas industry world wide. But while the Western oil majors have accumulated a vast amount of experience in global exploration and production in conditions as diverse as the Alaskan North slope, the North Sea and tropical deserts, much of the Soviet oil industry has been occupied until comparatively recently with exploitation of relatively shallow and accessible on-land deposits such as the Urals-Volga field. Off-shore experience has been mainly limited to the shallow and protected waters of the Caspian shelf.

Pressures

Over the last decade this experience has been augmented by the rapid build-up of production from the West Siberian oil fields. This has provided much valuable experience in the manifold problems created by permafrost conditions. Even here, however, the relentless pressure for maximisation of production in the short run has led to the widespread use of fairly primitive water injection recovery methods which have created a major water seepage problem soluble only by recourse to more sophisticated Western gas-lift technology.

The future of the Soviet industry clearly lies in exploration and production from off-shore deposits in the Barents Sea, the East Siberian Arctic shelf, the Caspian and other internal seas, and exploitation of deep deposits thought to lie beneath existing fields in the Caspian and several other current production zones.

This will require thoroughgoing technological innovation by the Soviet oil industry and is likely to provide a rapidly growing market for sophisticated Western technology, plant and equipment—plus a big demand for such relatively mundane products as large-dimension oil and gas pipes, for which demand is expected to continue to outstrip local capacity.

A recent report by Research Associates entitled "Oil and Gas developments in Comecon and opportunities in Offshore equipment" states that Soviet requirements for offshore equipment "may be larger than the total requirements for the development of the North Sea" and puts a total figure of $24bn on Soviet offshore equipment needs in the 1980s.

This compares with the $3bn which the Soviet Union spent on Western oil and gas equipment over the 1972-76 period, plus another $4bn on the import of large-diameter pipe.

A glance through some of the latest oil technology sales to the Soviet Union indicates the kind of areas where the Soviet industry is weak and needs Western technology. Dresser Industries' $144m sale of a plant to make up to 100,000 high quality drill bits per year reflects the Soviet need to upgrade its deep-drilling capacity. Specialist oil equipment producers also noted very keen interest by Ministers and experts at the NeftaGaz 77 exhibition in Moscow last October.

Some of the recent orders confirm the firming up of interest. An example is the $27.5m order for steam-injection oilfield recovery equipment from Struthers Wells while further large-scale ordering is expected shortly for gas-lift equipment to boost output from the giant Samotler field in Western Siberia.

As the joint Japanese-U.S. and Soviet exploration effort off Sakhalin island shows, the Soviet Government is also interested in obtaining foreign risk capital where appropriate. In the case of Sakhalin, Japan extended a $100m credit for exploratory work back in 1975 plus an additional $52.5m loan to finance Soviet purchases of plant and equipment. The Sakhalin Oil Exploration Company (SOECO) set up to exploit the estimated 37bn-barrel oil field, is owned mainly by Japanese companies such as the Japan Petroleum Development Corporation (which has contributed Y7.3bn to the Y11.8bn paid-up capital) plus C. Itoh, Marubeni Corp. and other major Japanese corporations and Gulf Oil of the U.S.

The technical problems to be solved off Sakhalin Island are not so much those of depth, as the finds so far have been in about 30 metres of water and in Neocene Strata between 1,400 and 2,200 metres. The main question is how to cope with average temperatures of around −24 deg. C on off-shore rigs and ice floes of up to six metres in height which will continuously crash against them in high winds. Commercial development costs are estimated to be in the $1bn range. Whatever solutions are found for the ice-floe problem will also be relevant, to some extent, to similar problems which can be expected in the Barents Sea. Here, the Soviet Union has expressed an interest in possible future co-operation with Western oil companies including BP, which has considerable North Sea and Alaskan North Slope experience to its credit.

BP, Brown and Root, Wimpey and other Western companies are also involved in rather desultory talks about oil rig technology and semi-submersibles for the Caspian Sea. The Caspian, in effect, is the Soviet Union's proving ground for future off-shore drilling elsewhere.

But negotiations are not limited to oil. One of the biggest multi-national resource exploitation schemes now under discussion involves the vast Yakutsk gas fields in Eastern Siberia. Two consortia, one Japanese and led by Tokyo Gas, and the other American, led by El Paso Natural Gas, have been negotiating since 1972 on the financial and operational details of the approximately $4bn project aimed at supplying the partners with a total of 10 bn cubic metres of liquified natural gas annually for 25 years.

After the latest round of talks in Tokyo last May both sides arrived at a general commitment to try to start deliveries by 1985.

This sort of time scale is indicative of the kind of patience required in negotiating large-scale natural resource deals with the Soviet Union. But it would be surprising if some of these negotiations did not take on a more urgent pace soon.

This is because even though the Soviet Union clearly has vast untapped resources of oil and gas which can feasibly be exploited with modern technology, the continuing decline in the annual rate of increase in output in recent years shows no sign of being reversed. The rate of increase dropped to 4 per cent. over the first six months of this year from 5 per cent last year and an average of over 8 per cent in the period 1969-76.

Target

Top Soviet oil officials still maintain that the 1980 plan target of 620/640m tons of oil is within reach, although even the lowest figure in the plan range is a full 74m tons above the 546m tons produced last year. Achievement or otherwise of the plan depends very largely on output from the West Siberian fields which is scheduled to rise to 315m tons in 1980.

Looking further ahead, the Soviet Union hopes to boost overall oil output to around 750m tons by 1985, a figure which would enable it to cope with the expected rise in its own domestic demand for oil and leave a margin for export to hard currency markets. Production at this level would not, however, be high enough to allow for rising exports to Comecon. Indeed, the Soviet Union has made clear to its Comecon partners that it is not prepared to increase oil exports beyond 1980, although it is prepared to step up gas exports.

At the same time, individual Comecon countries are also being encouraged to satisfy a higher proportion of their rising energy requirements from domestic coal, lignite, hydro, oil and gas deposits.

From this it seems clear that preserving a substantial oil export business with the West is a very high Soviet priority and is likely to remain so given that such sales provide the wherewithal to obtain the kind of equipment the industry will have to import in increasing amounts over the next decade.

SOVIET TRADE IN OIL AND OIL PRODUCTS 1971-1976

(million tonnes)

Exports	1971	1972	1973	1974	1975	1976
Comecon*	44.76	48.89	55.28	58.71	63.28	68.38
EEC	24.52	23.67	26.63	20.96	25.02	35.44
Rest of world	35.82	34.44	36.69	36.53	42.04	44.69
Total exports	105.10	107.10	118.30	116.20	130.35	148.51
Of which:						
crude oil	74.80	76.20	85.30	80.60	93.07	110.79
refined products	1.50	1.30	1.50	1.00	1.06	0.80
Total imports	6.70	9.10	14.70	5.40	7.56	7.22
Of which:						
crude oil	5.10	7.80	13.20	4.40	6.50	6.42
refined products	1.50	1.30	1.50	1.00	1.06	0.80
Net exports	98.40	97.90	103.60	110.80	122.79	141.29

* Bulgaria, Czechoslovakia, GDR, Hungary, Poland only.

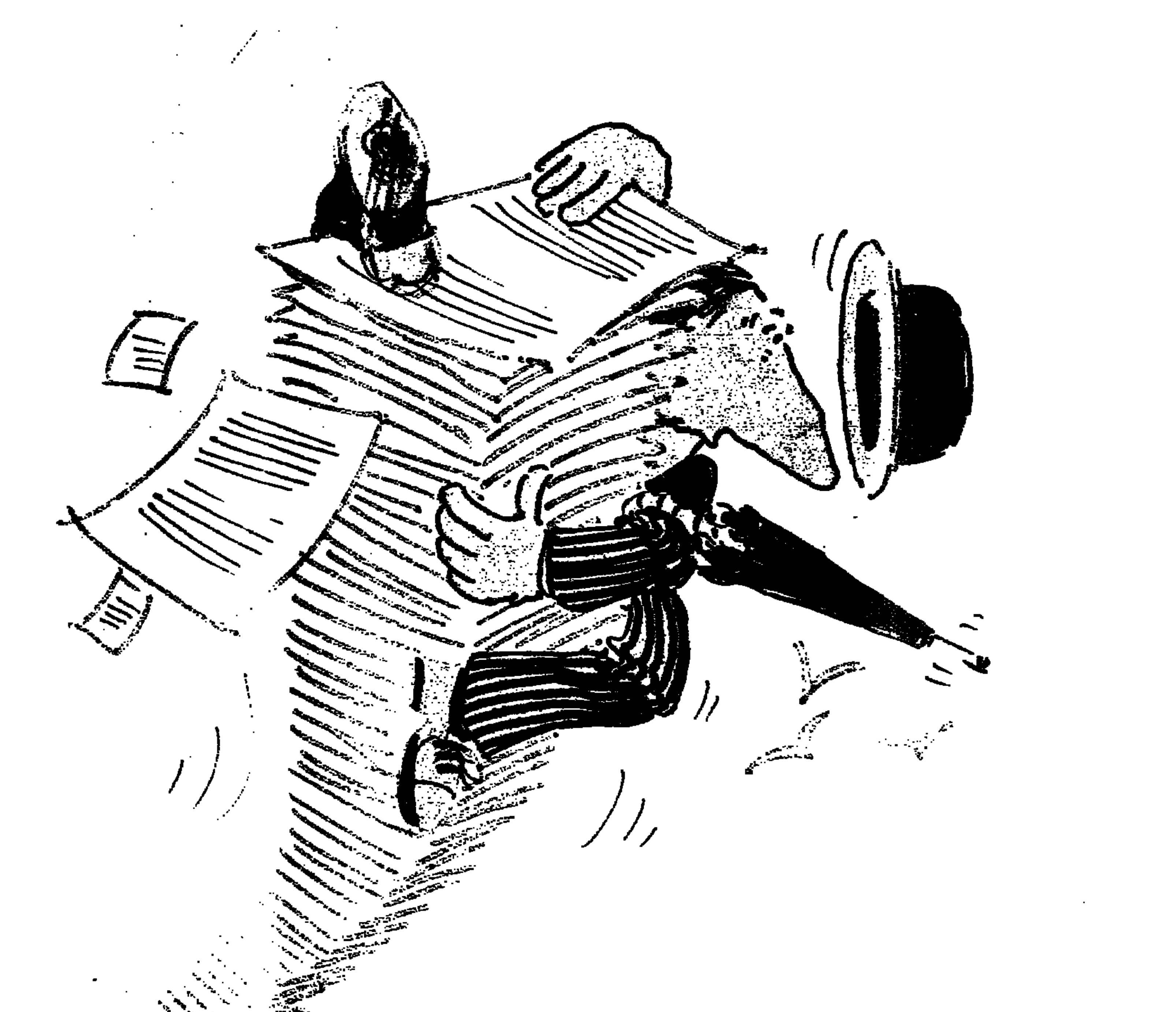
Source: Official Soviet statistics

SOVIET OIL PRODUCTION 1970-1975

(million tonnes, inc. gas condensate)

	1970	1971	1972	1973	1974	1975
Total Soviet production	353.0	377.1	400.4	429.0	458.9	490.8
of which						
Russian Republic	284.8	304.4	325.6	351.0	379.8	411.3
Ukraine	13.9	14.3	14.5	14.1	13.7	12.8
Belorussia	4.2	5.3	5.8	7.1	7.8	8.1
Uzbekistan	1.8	1.8	1.6	1.5	1.4	1.4
Kazakhstan	13.1	16.1	18.0	20.5	27.2	23.9
Azerbaidzhan	20.2	19.2	18.4	18.2	17.7	17.2
Kirghizia	0.3	0.3	0.3	0.2	0.2	0.2
Tadzhikistan	0.2	0.2	0.2	0.2	0.2	0.3
Turkmenistan	14.5	15.5	16.0	16.2	15.9	15.6

Source: Official Soviet statistics



Third-quarter improvement at Sony

BY CHARLES SMITH

TOKYO, Sept. 14.

SONY CORPORATION today announced a new third quarter sales record for the three months ending July 31 as well as an increase in net income over last year's level. The company admitted however that accounting factors connected with the translation into yen of the financial statements of overseas subsidiaries was a factor in profit increase. For the year as a whole profits are likely to be down by more than 20 per cent from 1977 level.

Sales for the quarter, at Y135.4bn, were up 10.4 per cent on the same period of last year reflecting a 10.8 per cent rise in overseas sales and a 9.8 per cent rise in domestic sales. Main contributor to the improved figure were a 45 per cent rise in video tape recorder (VTR) sales and an 8.9 per cent rise in TV sales.

The successful third quarter sales performance represents an improvement on Sony sales record earlier this year particularly in overseas markets. For the first three quarters of the fiscal year taken together Sony reports a sales figure of Y390.6bn up 6 per cent on the figure for the same period of 1977. Overseas sales however registered only a 3.3 per cent increase.

Sony's net income for the quarter ending July 31 amounted to Y9.604m an increase of 22.8 per cent from the profit figure for last year's third quarter. Sony comments that the third quarter profit suffered, like those of the first two quarters, from the tendency of yen revaluation to increase the cost ratio of overseas sales after the conversion of dollar sale figures into yen. This tendency was offset however during the quarter by the positive impact of revaluation on the financial statement of overseas subsidiaries after conversion to yen. Because of this latter phenomenon third quarter profits look somewhat healthier than those for the first two quarters of the year (in both of which net income was below a year ago levels).

Sony emphasised today that its profit figures reflected "wholly unexpected" reflections in the yen rate and should not be taken as a reliable guide to the company's actual performance. Profits for the year as a whole are expected to show a decline of 20 per cent or more. Sales should continue to show solid gains though this will depend to some extent on what happens in the rather volatile market for video-tape recorders.

Despite the uncertainties generated by yen revaluation, Sony stresses that it has been spending more both on research and development and on investment in new equipment during 1978 than it did last year.

R. and D. spending, at Y7.8bn, amounted to 5.75 per cent of sales in the third quarter compared to 5.31 per cent a year ago. Capital investment in the first three quarters of the year totalled Y26.2bn against last year's Y23.3bn. Most recent investment has been concentrated in the company's San Diego (colour TV) and Gotham Alabama (tape) plants. R. and D. expenditure has centred on the development of a new type of video camera.

Tin dividends lift Straits Trading

By H. F. Lee

SINGAPORE, Sept. 14.

STRAITS TRADING Company has reported a 30 per cent increase in group post tax profit to S$10.6m for the six months ended June 1978.

Profit at the pre-tax level was 27 per cent higher at S$ 21.4m on a 22 per cent increase in turnover to S$471m.

Straits Trading, which has extensive interests in the tin industry in Malaysia, attributed the improved performance to the higher tin price and increased dividends from investments in tin mining companies.

Gross trading profit was up by 22 per cent to S$10.15m while investment income rose at an even higher rate of 40 per cent to S$10.1m

Property revenue, however declined by 16 per cent to S$1.14m.

Guthrie Berhad

A RETURN to profitability at Guthrie Berhad is indicated by the company's interim figures reports our Singapore correspondent. Group pre-tax profit for the six months ended June was S$2.0m (U.S.$890,000), compared with a loss of S$1.86m in the first half of 1977.

Mitsubishi Electric sees gain

TOKYO, Sept. 14.

MITSUBISHI ELECTRIC Corporation expects its first half profit before-tax and special items in the period ending September 30 to rise to between Y9.70bn and Y9.80bn (around $51m) from Y8.53bn in the same period last year.

First half sales are forecast to rise to about Y413bn from Y380.15bn. The company plans an unchanged interim dividend of Y2.5 per share.

Mitsubishi said that sales of heavy electric machinery in the first quarter rose by 13.4 per cent, from the same period last year, and those of electric home appliances by 23.2 per cent.

The sharp yen appreciation against the U.S. dollar would reduce profitability, but against this were to be set a decline in prices of raw materials and efforts to reduce production costs and exchange losses.

A rise in the operational rate of Mitsubishi's heavy electric machinery division, reflecting an increased Government spending for public works, would also help raise first half profit.

Orders to be received in the first half year would total about Y450bn, slightly more than a previous estimate of Y434bn and above the Y416bn in the same period last year.

The company is aiming for a profit before-tax and special items of Y20bn for the current year, on sales of Y850bn ($4.4bn). Last year, the company reported after-tax profit of Y9.76bn profit before-tax and special items of Y17.55bn, and sales of Y792.18bn.

Reuter

Jack Chia restructuring plan

BY WONG SULONG

KUALA LUMPUR, Sept. 14.

THE SINGAPORE-BASED Jack Chia group, whose diversified interests include manufacturing, marketing, publishing and hotels, has announced plans to restructure its Malaysian operations, and to sell a majority stake to Malaysians.

Under the scheme, which has been approved by the Malaysian authorities, Jack Chia Mining and Industrial Corporation (JCMI) will acquire the entire holdings of the seven Malaysian subsidiaries of Jack Chia-MPM (JC-MPH).

JCMI will issue 16.4m shares of 1 ringgit each to JC-MPH as consideration.

Following the above sale, JC-MPH, which would then be holding about 89 per cent of the enlarged issued capital of JCMI, would be offering about 8.1m shares in JCMI to Malaysians, including 30 per cent reserved for Malay business interests, thus reducing its stockholding in JCMI to less than 50 per cent.

JCMI would also be renamed Jack Chia Enterprises (Malaysia) Berhad.

The seven Malaysian subsidiaries of the Jack Chia group had a pre-tax profit of 2.54m ringgits for the year ended March.

In a similar development, Lowndes Lambert SDN. Berhad, a wholly-owned subsidiary of Hill Samuel of the UK, today announced it had concluded an agreement for 51 per cent of its equity to be taken up by Amnah International Finance Berhad, a subsidiary of the Malay financial institution Komplex Kewangan.

Textile Alliance bid in prospect

HONG KONG, Sept. 14.

TEXTILE ALLIANCE announced that it has received an approach from certain principal shareholders which may lead to an offer being made for the company's shares held by the public.

It has requested temporary suspension on the Hong Kong Stock Exchange pending finalisation of these negotiations.

Textile Alliance has an issued capital of HK$28.76m in HK$10 shares.

Toray Industries holds just under 50 per cent of Textile Alliance shares, while Jardine Matheson and Co. and C. Itoh and Co. are also principal shareholders.

The company last month reported a consolidated loss of HK$42.1m for the year to March 31 and a nil final dividend.

Reuter

Mid-term payment from Toray

By Our Own Correspondent

TOKYO, Sept. 14.

UNLIKE many Japanese companies which have decided to pass their interim dividends, Toray is to make a payment for the first half of the current fiscal year. This is in spite of the fact that it operates in the recession-hit synthetic fibres industry. "The company has to make efforts to meet its shareholders' expectation as far as possible," Toray says.

However, the amount of the interim dividend is not to be fixed until the company has formed a clearer view on prospects for the latter half of the current year, which ends in March. Among factors making for uncertainty over the outlook is the possibility of further appreciation of the yen in the foreign exchanges.

Helped by the currently firmer conditions in the synthetic fibres market, resulting from the production cartel operated under the administrative guidance since October and following the recession cartel this year, Toray expects its interim current profits to be Y5bn ($26m), marking a sharp recovery from the current deficit of Y900m in the previous fiscal year.

Toray's interim net profits are estimated at Y2.5bn.

According to the Tokyo Stock Exchange, so far 70 corporations quoted on the First Section of the exchange have reported the suspension of interim dividend payments.

The number of companies passing interim dividends this year is likely to exceed the 147 of last year, and may set a new record, according to securities sources.

Middle East Airlines shows half-year profit

By Michael Donne, Aerospace Correspondent

MIDDLE EAST AIRLINES of the Lebanon earned a profit of over £1.5m ($2.9m) in the first six months of this year, despite the continuing political instability in that country, with further fighting in Beirut this summer.

The airline said yesterday that traffic is at present holding steady, at about 2,500 passengers a day, and passenger-handling is proceeding normally, with MEA buses linking the airport with the town and those hotels still open for business.

Although the profit is below budget, the airline says all its financial commitments in respect of aircraft, commercial operations, supplies and fuel are being met on time.

MEA is to lease a third Boeing 747 Jumbo jet to Saudia, the Saudi Arabian airline, from September 17 this year to May, 1980. An MEA Boeing 720 is on short lease to Cyprus Airways.

Interim dip at Magnum

By Our Own Correspondent

KUALA LUMPUR, Sept. 14.

MAGNUM CORPORATION, the Malaysian lottery organisation, has reported a fall of 17 per cent to 2.67m ringgits (U.S.$1.2m) in its net profits for the first half. Eating into its profits were the losses suffered by Malaysian Titanium Corporation, in which Magnum is a shareholder.

At the pre-tax level, Magnum reported a 37 per cent increase to 10.6m ringgits, with sales rising 14 per cent to 163m ringgits (U.S.$71m).

Net profits are after provision for taxation, minority interests and a sum of 1.3m ringgits in respect of investment and advances to Malaysian Titanium.

Magnum holds a 30 per cent stake in Malaysian Titanium, other shareholders of which are the Straits Trading Company (30 per cent) and the Pernas Organisation (40 per cent).

The company operates an ilmenite processing plant in Perak State, but it has not been in production since August last year, as a result of severe competition from Australia.

Magnum is paying an interim dividend of 5 per cent, and directors expect second-half profits from the organising of lotteries to be up to the first-half level.

ANGLO-TRANSVAAL COLLIERIES

Shareholders seek relief

BY RICHARD ROLFE

JOHANNESBURG, Sept. 1

WHAT IS BELIEVED to be the first legal action of its kind has arisen in Johannesburg between holders of 11 per cent of the Preference shares of Anglo-Transvaal Collieries and the company. The dissident shareholders have made a petition to the Supreme Court seeking relief under Section 252 of the Companies Act, which deals with remedies for shareholders who feel themselves oppressed. This is somewhat akin to a class action of the type familiar in the U.S.

The eight shareholders have refused to ratify proposals recently put forward by the Board to modify Anglo-Transvaal Collieries' memorandum of association in an attempt to clear up the status of the Preference shares. Long neglected on the local stock exchange, the Preference shares were recently found, after lengthy court action, to be entitled to participate in a rights issue by the company and their price has risen from 50 cents to 120 cents on the view that they should be regarded as participating Preference shares.

The petition calls on the court to appoint a liquidator of the company on the grounds that the purpose for which it was incorporated no longer exists. Anglo-Transvaal Collieries was at one time an operator of coal mines, but in 1973 it merged its assets with those of Witbank Collieries in return for Witbank shares. Its sole asset is now 17.5 per cent of Witbank Collieries, a member of the Barlow Rand group, from which it draws income.

In an alternative plea, the dissidents suggest that the share capital of Anglo-Transvaal Collieries should be reduced b amount of their shareholdi order for them to be pai pro rata to their interes the basis of net asset value. company has said it will o both proposals. Ratificatic the new memorandum Articles was recently app by 81 per cent of the Ord and 76 per cent of the Prefe shareholders, but the diss have refused to accept th final.

Shares of both classe Anglo-Transvaal Collieries been suspended until tomo In its statement describin nature of the action agains company and its intentic oppose the rule nisi requ by the dissidents, the concludes by saying: "s holders should take wh action they deem appro in the circumstances."

Minorities cut FVB at midwa

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Sept.

INTERIM RESULTS from Federale Volksbeleggings (FVB), the main industrial holding arm of the Sanlam insurance group, show turnover up from R89m to R188m for the six months to June 30, a jump largely reflecting the acquisition of a controlling interest in SA Druggists, one of the chief manufacturers and distributors of pharmaceuticals in the republic.

Net income before taxation went ahead from R9m to R12.9m ($14.8m), but most of the advance was offset by higher minority interests, which rose from R2.3m to R5.6m, to leave net attributable earnings down from R3.8m to R3.5m. Earnings per share fell from 16.3 cents to 14.7 cents and the interim dividend was held at 7 cents. The shares, at 200 cents, have risen 60 cents since March and stand on a 7.5 per cent yield.

FVB's main interests, apart from SA Druggists, are in chemicals and food, through Sentrachem and Fedfood, and it has an important interest in Federale Mynbou, the h company for the General M Union Corporation combir

Its most recent move has to acquire control, thou subsidiary Federale Chemi Greatermans, the largest r in South Africa, with a sales of some R750m. Gr mans today reported a f taxed profit from R5.6 R4.5m for the year to Ju and reduced its dividend from 36 cents to 20 cents.

At 310 cents, Greate shares yield 6.5 per cent.

Swire Pacific payout to rise

HONG KONG, Sept

SWIRE PACIFIC said today that final 1978 dividends are likely to be at least double the interims, making total dividends for the year of not less than 36 cents per A share and 7.2 cents per B share, against 1977 payments of 32 and 6.4 cents respectively.

Earlier the company announced an interim dividend of 12 cents on the A shares and 2.4 cents on the B shares for the first half of 1978. Net profit for the period was HK$125.7m (US$26.7m) compared with HK$85m in the corresponding period of 1977.

Swire Pacific said the property division in the half year benefited significantly from the continuing strength of the residential property market while Cathay Pacific Airways performed particularly strongly.

From July 1, the group's interest in Cathay Pacific increased from 52.5 per cent to 60 per cent.

Meanwhile, Swire Properties said that net profit for 1978 is expected to show a significant increase over the HK$99.6m in 1977.

The company said in a statement accompanying fi results that its residentia perty remains fully let. first half, an extraordinary was realised through the May of Tonnochy Towe. HK$56m cash.

The company earlier re first-half unaudited consol net profit of HK (US$11.2m).

It announced HK$10.1m ordinary profit arising fr sale of investment pro during the period.

Reuter

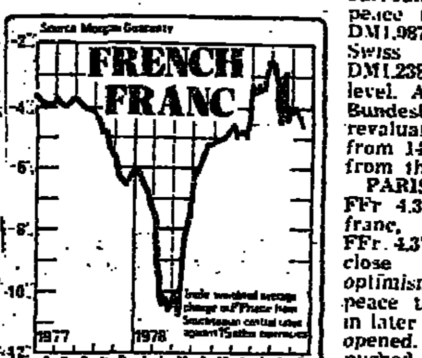
هكذا في الأصل

Currency, Money and Gold Markets

Dollar still very nervous

After trading erratically for most of the day, the dollar finished up very much where it started. Initial trading saw very little movement and the U.S. currency started to decline after an improvement in the West German Wholesale Price Index. However, during the afternoon, with the opening of U.S. centres, the dollar rose on renewed hopes of some favourable outcome to the Middle East peace talks.

There seemed to be little prospect of any sustained recovery, and the dollar remained very sensitive in the absence of any positive developments. Consequently, towards the close it surrendered much of the ground gained earlier and finished at SwFr 1.5950 against the Swiss franc compared with SwFr 1.5975 on Wednesday. The day's spread was SwFr 1.5850-1.6110 which gives some impression of the dollar's movement throughout the day. The West German mark finished at DM 1.9850 after touching DM 1.9920 at one point and a high of DM 1.9750. The Japanese yen was slightly easier at Y190.10 against Y189.92½ previously.



Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 9.1 per cent from 9.2 per cent.

Sterling opened at $1.9560-9570 and eased to $1.9505 when the dollar was at its firmest. Demand picked up for the pound and it rose to $1.9650, receiving some support from favourable August trade figures. By the close it had eased somewhat to $1.9595-9605, a fall of just 15 points. On an overall basis sterling showed a slight improvement against other major currencies and its trade weighted index, as calculated by the Bank of England, rose to 62.9 from 62.8, having stood at 62.9 at noon and 62.8 in early dealings.

FRANKFURT—The dollar was fixed at DM1.9767 compared with Wednesday's fixing of DM1.9942, and there was no intervention by the Bundesbank. The U.S. currency touched DM1.9870 during the morning before coming under further pressure. With pressure resulting from switching out of dollars and into Swiss francs, the latter hit a record fixing against the D-mark at DM1.2395, up from DM1.2345 previously.

In later trading the dollar recovered on improved sentiment surrounding the Middle East peace talks and was quoted at DM1.9870 in nervous trading. The Swiss franc eased back to DM1.2380 from its early record level. Against 22 currencies, the Bundesbank trade weighted mark revaluation index rose to 147.5 from 147.0, a rise of 2.1 per cent from the beginning of this year.

PARIS—After opening at FFr 4.3525 against the French franc, the dollar improved to FFr 4.3750 before easing at the close to FFr 4.3625. Early optimism over the Middle East peace talks had been countered in later trading when U.S. centres opened. The Swiss franc was pushed to an all time high against the French franc at FFr 2.7285 compared with FFr 2.7185 in early trading and FFr 2.7261 on Wednesday. Sterling improved to FFr 8.5400 up from FFr 8.5190 in the morning and the previous close of FFr 8.5085.

ZURICH—After an initially firmer tendency, the dollar eased back against most major currencies with trading still nervous ahead of a conclusion to the Middle East peace talks and the U.S. gas bill. At mid-morning the dollar stood at SwFr 1.5910, up from a morning low of SwFr 1.5850. Sterling was firmer at $1.9630 from $1.9580.

TOKYO—In fairly active conditions the dollar closed at Y189.95 compared with Wednesday's close of Y191.825. After opening at Y189.50, the U.S. currency held steady in good two-way trading and although easing overall, it finished above the New York close of Y188.40. Spot trading amounted to $578m while combined forward and swap dealings accounted for $527m.

MILAN—The dollar fell sharply at the fixing against the lira to L830.45 compared with L834.20 on Wednesday. This was in contrast to the somewhat steadier performance over the last few days, and the decline prompted some dollar support action by the Bank of Italy.

THE POUND SPOT

Sept. 14	Bank rate %	Day's spread	Close
U.S. $	7¾	1.9605-1.9650	1.9595-1.9605
Canadian $	8½	2.2825-2.2925	2.2745-2.2765*
Guilder	4½	4.20-4.25	4.21½-4.22½
Belgian F.	6	61.00-61.40	61.27-61.37
Danish K.	8	10.66-10.72	10.70½-10.71½
D-Mark	3	3.87-3.90½	3.88½-3.89½
Port. Esc.	18	88.50-89.80	89.40-89.80
Span. Pes.	8	144.50-145.50	145.05-145.15
Lira	10½	1,625-1,634	1,630½-1,632½
Nrwgn. K.	7	10.24½-10.30	10.29-10.30
French Fr.	9½	8.50½-8.55	8.53-8.54
Swedish Kr.	6½	8.64-8.70	8.68½-8.69½
Yen	3½	368-378	372½-373½
Austria Sch.	4½	27.95-28.25	28.15-28.25
Swiss Fr.	1	3.11-3.15	3.12½-3.13½

Belgian rate is for convertible francs. Financial franc 63.30-63.40.
* Rate for Canadian $ on Sept. 13 should have been 2.2770-2.2790 (close).

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.57-0.47c pm	3.18	1.45-1.35c pm	2.88
0.68-0.58c pm	3.32	1.57-1.47c pm	2.67
2⅞-1⅞ c pm	6.76	7-6 c pm	6.16
30-20 c pm	4.89	75-65 c pm	4.57
¾-2¼ ore dis	−1.68	2-4 ore dis	−1.12
3⅛-2⅛ pf pm	8.10	[illegible] pf pm	8.25
50-150 c dis	−13.39	200-450 c dis	−16.74
120-220 c dis	−14.06	450-560 c dis	−13.25
2 lire pm-par	0.74	4-6 lire dis	−0.25
3½-1½ ore pm	3.21	6-4 ore pm	1.94
3½-2½ c pm	4.22	[illegible] c pm	3.63
5¼-1¾ ore pm	5.80	8½-6½ ore pm	3.57
3.55-3.10 y pm	10.39	8.85-8.60 y pm	9.37
17-7 gro pm	5.11	45-30 gro pm	4.97
3½-2½ c pm	11.51	9½-8½ c pm	11.05

Six-month forward dollar 2.60-2.55c pm, 12-month 4.90-4.80c pm.

THE DOLLAR-SPOT

September 14	Day's spread	Close
Canad'n $*	86.03-86.18	86.15-86.18
Guilder	2.1462-2.1615	2.1600-2.1615
Belgian Fr	31.13-31.36	31.34-31.36
Danish Kr	5.4380-5.4650	5.4580-5.4520
D-Mark	1.9755-1.9905	1.9890-1.9905
Port. Es	—	45.40-45.55
Lira	830.60-833.65	832.40-832.80
Nrwgn. Kr	5.2295-5.2510	5.2470-5.2490
French Fr	4.3458-4.3630	4.3600-4.3630
Swedish Kr	4.4165-4.4310	4.4290-4.4310
Yen	190.30-191.30	191.10-191.30
Austria Sch	—	14.3575-14.3650
Swiss Fr	1.5877-1.6040	1.6020-1.6040

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.03-0.01c dis	−0.28	0.06-0.03c dis	−0.21
0.76-0.71c pm	4.20	1.93-1.88c pm	3.04
6½-5c pm	2.08	14-12½c pm	1.78
—		—	
0.90-0.85pf pm	5.23	2.75-2.70pf pm	5.39
—		—	
2.10-2.50lire dis	−3.37	6.65-7.40lire dis	−3.26
—		—	
0.47-0.37c pm	0.83	0.95-0.85c pm	0.66
—		—	
1.18-1.03y pm	6.59	3.15-3.05y pm	6.21
—		—	
1.11-1.06c pm	8.09	3.35-3.30c pm	8.18

CURRENCY RATES

September 14	Special Drawing Rights	European Unit of Account
Sterling	0.648731	0.661453
U.S. dollar	1.27281	1.29805
Canadian dollar	1.47722	1.50935
Austrian schilling	18.2022	18.5595
Belgian franc	39.6639	40.4505
Danish krone	6.92409	7.06345
Deutsche Mark	2.51596	2.56632
Guilder	2.73463	2.78819
French franc	5.53672	5.64878
Lira	1057.87	1077.49
Yen	242.216	246.950
Norwegian krone	6.65887	6.79848
Peseta	94.8607	95.9907
Swedish krona	5.62264	5.73603
Swiss franc	2.03077	2.07035

CURRENCY MOVEMENTS

September 14	Bank of England Index	Morgan Guaranty changes %
Sterling	62.92	−40.6
U.S. dollar	84.49	− 9.1
Canadian dollar	81.29	−16.3
Austrian schilling	140.03	+17.9
Belgian franc	110.78	+12.5
Danish krone	114.10	+ 4.7
Deutsche Mark	142.10	+36.3
Swiss franc	206.28	+97.9
Guilder	119.91	+16.9
French franc	99.48	− 4.7
Lira	55.93	−47.0
Yen	152.62	+51.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 14	£	$		£ Note Rates
Argentina Peso	1,617-1,621	825.00-827.041	Austria	27.50-28.50
Australia Dollar	1.6978-1.7028	0.8625-0.8688	Belgium	62.60-63.60
Finland Markka	7.98-8.00	4.0820-4.0840	Denmark	10.60-10.75
Brazil Cruzeiro	36.30-37.30	18.520-19.031	France	8.45-8.55
Greek Drachma	71.469-73.217	36.464-37.356	Germany	3.84-3.94
Hong Kong Dollar	9.27-9.30	4.7480-4.7520	Italy	1595-1635
Iran Rial	134-140	68.367-71.429	Japan	370-380
Kuwait Dinar (KD)	0.539-0.549	0.2699-0.2750	Netherlands	4.15-4.25
Luxembourg Franc	61.27-61.37	31.260-31.311	Norway	10.20-10.30
Malaysia Dollar	4.49¼-4.52	2.2970-2.2990	Portugal	84-93
New Zealand Dollar	1.8515-1.8585	0.9446-0.9482	Spain	143-147½
Saudi Arabia Riyal	6.46-6.55	3.2908-3.3418	Switzerland	3.10-3.20
Singapore Dollar	4.39¾-4.41½	2.2455-2.2465	United States	1.9575-1.9560
South African Rand	1.6892-1.7152	0.8618-0.8751	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 15	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.960	3.888	372.5	8.535	3.128	4.218	1632.	2.276	61.32
U.S. Dollar	0.510	1.	1.983	190.1	4.355	1.596	2.152	832.4	1.161	31.29
Deutsche Mark	0.257	0.504	1.	95.82	2.195	0.805	1.085	419.7	0.585	15.77
Japanese Yen 1,000	2.685	5.262	10.44	1000.	22.91	8.396	11.32	4380.	6.109	164.6
French Franc 10	1.172	2.296	4.555	436.4	10.	3.664	4.941	1912.	2.666	71.85
Swiss Franc	0.320	0.627	1.243	119.1	2.729	1.	1.349	521.7	0.728	19.61
Dutch Guilder	0.237	0.465	0.922	88.32	2.024	0.742	1.	386.8	0.540	14.54
Italian Lira 1,000	0.613	1.201	2.383	228.3	5.231	1.917	2.585	1000.	1.395	37.59
Canadian Dollar	0.439	0.861	1.708	163.7	3.751	1.374	1.853	717.0	1.	26.95
Belgian Franc 100	1.631	3.196	6.340	607.5	13.92	5.100	6.878	2661.	3.711	100.

EURO-CURRENCY INTEREST RATES*

Sept. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9½-10	8⅝-8⅞	8¼-9¼	2¼-2¾	[illegible]	[illegible]	7¼-7½	7⅛-10⅛		[illegible]
7 day's notice	12-12½	8½-8⅝	8¼-9¼	3⅛-4	[illegible]	[illegible]	7¼-7½	13½-14½	[illegible]	½-2½
Month	12¼-12¾	8¾-9	8⅝-9	4½-4¾	[illegible]	[illegible]	7⅜-8	11¾-12¾	[illegible]	1⅝-2
Three months	12-12½	[illegible]	9⅛-9½	5⅜-5⅝	[illegible]	3⅛-3⅝	8¼-8½	12-13	9-9⅛	[illegible]
Six months	12⅛-12⅝	9⅛-9⅜	9⅝-9¾	6-6¼	1-1⅛	[illegible]	9⅛-9⅜	12½-13½	9¼-9⅜	3-3⅜
One year	12⅛-12⅝	9¼-9½	9½-9⅞	6-6¼	1⅛-1¼	3¾-3⅞	9⅝-9⅞	13½-14½	9¼-9⅜	3⅛-3⅛

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.55-8.65 per cent; three months 8.80-8.90 per cent; six months 9.05-9.15 per cent; one year 9.05-9.15 per cent.

Long-term Eurodollar deposits: two years 9½-9⅝ per cent; three years 9 5/16-9 7/16 per cent; four years 9½-9⅝ per cent; five years 9½-9⅝ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Rise in Dutch call money rate

The rate for Dutch call money rose from 2½ per cent to 4 per cent yesterday as the supply of credit deteriorated. The main reason for the shortage appeared to be large tax payments to the authorities. This is in sharp contrast with the easier conditions earlier in the week when the rate fell from 4½ per cent to 2½ per cent. Longer term rates were generally firmer with one-month 5¼-5½ per cent from 5-5¼ per cent and three-month at 6-6¼ per cent, unchanged. Six-month money was firmer at 6½-6¾ per cent compared with 6½-6¼ per cent on Wednesday.

NEW YORK—13-week Treasury bills were quoted at 7.77 per cent down from 7.82 per cent late on Wednesday and 26-week bills at 7.88 per cent compared with 7.92 per cent. One-year bills were also easier at 7.95 per cent against 7.98 per cent. Federal funds were trading at 8⅜ per cent with no Federal activity reported in early trading. One-month certificates of deposit rose to 8.40 per cent from 8.33 per cent, two-month at 8.47 per cent from 8.45 per cent and three-month at 8.59 per cent against 8.55 per cent.

Bankers acceptance offered rates were quoted at 8.25 per cent for 30-days, 8.30 per cent for 60-days and 8.35 per cent for 90-days compared with 8.20 per cent, 8.25 per cent and 8.30 per cent respectively. Longer term rates remained unchanged. High grade commercial paper rose to 8.40 per cent from 8.35 per cent for 30-days, while 90-days firmed to 8.45 per cent compared with 8.40 per cent. The 90-day rate rose to 8.5 per cent from 8.45 per cent.

FRANKFURT — Interbank money market rates were mixed with call money and one-month money unchanged at 3.525 per cent and 3.625 per cent respectively. The three-month rate rose to 3.725 per cent from 3.675 per cent previously and six-month money was also firmer at 4.05 per cent compared with 4.025 per cent. Twelve-month money was a shade easier at 4.20 per cent from 4.225 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) stood at 6⅜-6⅝ per cent for one-month, unchanged from Tuesday. Longer term rates all showed an easier tendency with three-month deposits falling to 7⅛-7¼ per cent from 7 5/16-7 7/16 per cent, and six-month at 7⅛-7½ per cent compared with 7⅝-7⅞ per cent. Twelve-month deposits eased from 7 11/16-7 13/16 per cent to 7½-7⅝ per cent.

HONG KONG—Conditions in the money market were pretty flat with call money at 6½ per cent compared with 5¼ per cent on Wednesday and overnight business at 5 per cent from 5¼ per cent previously.

GOLD

Little change

Gold rose $½ an ounce to close at $210½-211½ in moderately active trading. Once again the movement of bullion was linked to the performance of the dollar although the latter performed somewhat erratically. The metal opened at $210½-211 and was fixed during the morning at $211.20 before dipping to $209.25 at the afternoon fixing. The best level seen was $211-211½.

In Paris the 12½ kilo gold bar was fixed at FFr 29,350 per kilo ($209.85 per ounce) compared with FFr 29,400 ($210.27) in the morning and FFr 29,250 ($208.11) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,455 ($211.53 per ounce) compared with DM 13,320 ($207.68) previously.

	Sept. 14	Sept. 13
Gold Bullion (a fine ounce)		
Close	$210½-211½	$210½-211
Opening	$210½-211	$207½-208
Morning fixing	$211.20 (£107.553)	$206.80 (£105.355)
Afternoon fixing	$209.25 (£106.889)	$209.70 (£107.181)
Gold Coins domestically		
Krugerrand	$218½-220½ (£111½-1.2½)	$217-219 (£110½-111½)
New Sovereigns	$64½-66½ (£32½-33½)	$64½-66½ (£33-34)
Old Sovereigns	$61-63 (£31-32)	$61½-63½ (£31½-32½)
Gold Coins internationally		—
Krugerrand	$216½-218½ (£110½-111½)	$217-219 (£110½-111½)
New Sovereigns	$57½-59½ (£29½-30½)	$57½-59½ (£29½-30½)
Old Sovereigns	$61-65 (£31-32)	$61½-63½ (£31½-32½)
$20 Eagles	$308½-311½	$311-314
$10 Eagles	$162½-165½	$161-163
$5 Eagles	$103½-105½	$101-104

UK MONEY MARKET

Very quiet trading

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Conditions in yesterday's money market remained generally dull and original projections of a flat day proved to be correct with the authorities not required to give any assistance. Factors affecting the market were few and far between with a slight excess of Government disbursements over revenue transfers to the Exchequer and a negligible fall in the note circulation. Banks brought forward balances fractionally under target and there was a very slight net take up of Treasury bills. Discount houses were paying up to 8¾ per cent for secured call loans although closing balances were taken around 7-7½ per cent.

In the interbank overnight loans opened at 8½-8⅝ per cent and traded for most of the morning at 8⅝-8¾ per cent. Rates then declined gradually towards the close to finish between 4 per cent and 5 per cent. In the absence of any announcement to the contrary MLR remained at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 14 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	4-8¾	—	—	—	9	7¼-8¾	—	—	—
2 days notice	—	—	8¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9	—	—	—	—
7 days notice	—	8⅝-8⅞	8¾-8⅞	—	8⅞-9	—	8½-8¾	—	—	—
One month	9⅛-9⅜	8⅞-9⅛	8⅞-9	9½	9⅛-9½	9¼	8¾	8 17/32-8⅞	[illegible]	9½
Two months	[illegible]	[illegible]	—	9-9¼	9¼-9⅝	—	8⅞	[illegible]	[illegible]	9½
Three months	[illegible]	9⅛-9¼	9⅛-9¼	9-9¼	9⅝-9¾	9⅝	9	[illegible]	[illegible]	9½
Six months	[illegible]	[illegible]	9½-9⅝	[illegible]	9¾-10	—	—	—	[illegible]	9⅞
Nine months	[illegible]	[illegible]	—	[illegible]	10¼	—	—	—	—	—
One year	9⅝-9½	[illegible]	[illegible]	9¾-10	10⅝	—	—	—	—	—
Two years	—	—	10⅛-10⅜	—	—	—	—	—	—	—

Approximate selling rates for one-month Treasury bills 8½ per cent; and two-month 8⅝ per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills 9½ per cent; two-month 9½ per cent; and also three-month 9½ per cent.

Local authority and finance houses seven days' notice, others seven days fixed. *Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 12-12½ per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¼ per cent; four-month trade bills 9¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9271 per cent.

MONEY RATES

NEW YORK

Prime Rate	9.25
Fed Funds	8.375
Treasury Bills (13-week)	7.77
Treasury Bills (26-week)	7.88

GERMANY

Discount Rate	3
Overnight	3.525
One month	3.625
Three months	3.725
Six months	4.20

FRANCE

Discount Rate	9.5
Overnight	7.375
One month	7.34375
Three months	7.46875
Six months	7.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

WORLD STOCK MARKETS

Dow retreats 12 amid interest rate fears

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1—96% (95¼%)
Effective \$1.9600 47⅞% (47¼%)

STOCKS ON Wall Street took their steepest slide in months, reflecting interest rate worries combined with disappointment over lack of progress at the Camp David Mid-East summit.

The Dow Jones Industrial Average retreated 12.56 to 887.04 for a two-day reaction of over 19 points. The NYSE All Common Index receded 69 cents more to \$59.37, while declines predominated over gains by 1,207 to 366. Trading remained active, with 37.40m shares dealt in compared with Wednesday's 45.34m.

It was noted that the market has been in an extended sharp rally for several months with no major correction and thus was vulnerable to bad news.

Analysts were predicting that the weekly report from the Federal Reserve would show a rise in the U.S. money supply. After the stock market close, the Fed announced that the basic money supply M-1 rose \$4.7bn and the M-2 measure \$5.9bn in the latest reporting week, adding to fears that the Prime Rate will rise today.

Investors were also disappointed that the Senate failed to schedule even a procedural vote on the natural-gas Bill.

Gaming speculation continued apace, and analysts said that institutional investors are reluctant to take on new positions until the speculation subsides.

Memorex lost 1⅞ to \$7¼, **Xerox** 2⅛ to \$56¼, **Boeing** 1¾ to \$68, **Mgic Investment** 1⅞ to \$25¼, **Raytheon** 1⅞ to \$51 and **Smithkline** \$3 to \$96. **International Paper** shed ⅞ to \$46⅞—it may sell a Florida mill and associated woodlands.

Special situations helped some issues buck the trend. **Green Giant** advanced \$4 to \$31½—the company is holding talks to acquire another concern. **Hanes** rose 2¾ to \$57½—a boardroom committee is to recommend that the full Board accepts **Consolidated Foods'** offer of \$61 per Hanes share. **Consolidated** lost ⅞ to \$25⅞.

Among Gaming shares, **Ramada Inns** and **Holiday Inns** each traded more than 1m shares as Ramada moved ahead 1⅞ to \$14¾ and **Holiday Inns** 1½ to \$32¼. **Howard Johnson**, the third most active, added 1½ at \$16½.

Del E. Webb climbed 3½ to \$35½—it has conditionally bought some property in Atlantic City for a casino. Active **Caesars World** rose 1½ to \$60½.

Ashland Oil gained 1¼ to \$44⅞—the company wants to buy 5m of its Common shares at \$47 each and redeem \$100m of debts.

Woods put on \$2 to \$10⅜—it has agreed to an improved bid for its assets from a concern formed by its management.

THE AMERICAN SE Market Value Index came back 1.10 to 175.77 on heavy volume of 7.27m shares (8.20m).

Dome Petroleum fell 3½ to \$82½ after recent strength on speculation concerning its Beaufort Sea drilling activities.

Toronto and Montreal closing stock information was not available due to computer problems at the stock exchanges.

Tokyo

Irregular movements were again recorded following a moderate turnover of 250m shares, down from Wednesday's 340m. The Nikkei-Dow Jones Average slipped slightly by 1.59 to 5,660.30, although the Tokyo SE index was 0.43 firmer at 427.58.

Export-orientated issues were easier-inclined, **Pioneer Electronic** losing Y30 to Y1,620, **Sony** Y10 to Y1,490 and **Matsushita Electrical** Y5 to Y721, but **Nissan Motors** rose Y9 more to Y765, and **TDK Electronic** advanced Y40 to Y2,180. **Victor of Japan** were quoted ex-rights and ex-dividend at Y1,140.

Pharmaceuticals were broadly higher on buying by major Investment Trusts, while China-related issues, like **Daido Steel**, were actively bought. Daido reportedly has agreed in principle with China to provide technological aid.

Nippon Television Network improved Y130 to Y6,800, **Ono Pharmaceutical** Y110 to Y1,360, **Yoshitomi Pharmaceutical** Y74 to Y785, **Mochida Pharmaceutical** Y70 to Y1,700, **Green Cross** Y60 to Y2,410, **Eisai** Y50 to Y1,310 and **Nissin Food** Y40 to Y1,340.

On the other hand, **Chiyoda Chemical Engineering and Construction** declined Y190 to Y1,010, **Marui** Y50 to Y1,020, **Kaken Chemical** Y40 to Y2,060, and **Taiyo Yuden** Y25 to Y665.

Paris

Bourse prices finished showing no clear trend yesterday.

Rising French unemployment, lower U.S. overnight advices and pessimism over the outcome of Mid-East talks at Camp David acted as a drag on sentiment, but news that the Government is launching a new policy aimed at *encouraging French businesses* to match competition abroad was a helpful influence on the market.

Selective buying boosted prices for a number of shares in Banks, Foods, Stores, Electricals and Textiles, but most Oils, Chemicals and Public Works were marked down.

Gains of more than 3 per cent were recorded by **Localbail, Union des Banques Francaises, Cetelem, Bancaire, Henin, Alsacienne-Supermarches, Poliet, Saunier-Duval, Paris-France, Printemps, Thomson-CSF, Europe-1** and **Sommer-Alibert**, but **Legrand** lost 37 to FFr 1,812 and **Imetal** 2.7 to FFr 61.3.

Germany

Stocks closed on an easier note in what dealers termed a continuing technical reaction to the market's recent strength. The Commerzbank index shed 1.1 to 837.6.

Participants said profit-taking was the primary reason for the loss, although the continuing dollar weakness might have reduced investors' willingness to buy stocks.

Most leaders lost ground, although Chemicals were fairly steady, while **AEG** gained 60 pfennigs in Electricals. Department Stores and Utilities were mixed.

Volkswagen, after Wednesday's rise of DM 3.10, came back DM 2.70, while **BMW** receded DM 2, **Deutsche Bank** DM 2.90 and **Kloeckner** DM 1.50.

Among Stores, **Karstadt** lost DM 2.40 but **Neckermann** rose DM 3.80.

Public Authority Bonds were buoyant, gaining up to 40 pfennigs, with strong interest being shown in the latest Federal Loan. The Regulating Authorities increased their net sales to DM 16.7m from Wednesday's DM 2.6m. Mark Foreign Loans were also firmer.

Australia

A sharp rise by Coal concern **White Industries** and advances by leading Industrials, Banks and selected Diamond issues highlighted a day of firm trading.

White Industries disclosed yesterday that **Mitsubishi** is buying a 40 per cent interest in *its coal mining subsidiary* and brought to an end a week of speculation. White shares jumped A\$1.00 further to A\$5.00 in a heavy turnover.

BHP received a boost from an encouraging progress report on the West Halibut well, rising 10 cents to A\$8.42.

The Reserve Bank's cut in its holdings of bank funds continued to stimulate buying of Bank shares, **BNS Wales** adding 10 cents at A\$7.24.

Among the Diamond speculatives, **Magnet** moved ahead *12 cents to 46 cents* amid rumours that the company has made a diamond find in the Kimberleys. **Lennard Oil**, a partner in the Magnet prospect, rose 10 cents to 41 cents, while **Western Queen** put on 4 cents to 28 cents.

Uraniums, however, continued to fall back on uncertainty over a starting date for mining of the uranium prospects. **Pancontinental** lost another 30 cents to A\$13.90, **Peko-Wallsend** 6 cents to A\$6.34 and **EZ Industries** 7 cents to A\$3.28.

Among Stores, **Waltons** were 2 cents lower at 79 cents, but **Woolworths** improved 4 cents to A\$1.70. Elsewhere, **Nicholas International** advanced 7 cents to 97 cents.

Johannesburg

Gold shares advanced, in increased activity, responding to the sharp rise in the Bullion price. Gains ranged to 185 cents in Heavyweights.

Mining Financials followed Gold producers higher. **De Beers**, the Diamond leader, reacted to R8.28 but later recovered to R8.42, only *a cent off on the day*. Platinums were a few cents firmer, while Coppers gained up to 25 cents. The Industrial market was firm.

Hong Kong

Market continued to decline in moderate trading, but picked up slightly near the close on light local demand. The Hang Seng index receded 14.78 more to 661.49.

Among the leaders, **Hong Kong Bank** lost 10 cents to HK\$21.10, **Hong Kong Land** 50 cents to HK\$13.00, **Jardine Matheson** 60 cents to HK\$18.40, **Swire Pacific** 30 cents to HK\$10.30 ahead of results, and **Wheelock Marden** 10 cents to HK\$3.70.

Elsewhere, **China Light** retreated HK\$1.50 to HK\$31.50, **Hong Kong and Yaumati Ferry** HK\$2.50 to HK\$39.00 and **Cheong Kong** 50 cents to HK\$13.40, but **Hong Kong and Kowloon Wharf** went against the trend and rallied HK\$1 to HK\$34.00.

Milan

Stocks turned mixed yesterday in another active trading, with profit-taking in evidence after the market's recent upsurge.

Generale Immobiliare firmed strongly, while **Bastogi** moved ahead 37 more to L750, and **Italsider** 28.5 to L411.5, but **Montedison**, after rising 91 the previous day on rumours of an oil strike, relinquished 31 to L294. **Fiat** came back 40 to L2,435 and **Snia Viscosa** 69 to L1,111.

Brussels

Local shares were firmer for choice, **Cockeril** rising 20 to B Fr 495 in Steels and **Union Miniere** 22 to B Fr 854 in Non-ferrous Metals. However, **Fabrique Nationale** declined 50 to B Fr 3,100 on reporting lower dividend and profits.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated.
¶ Y50 denom. unless otherwise stated.
§ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	Sept. 7	1978 High	1978 Low	Since Comp. High
Industrials	887.04	899.60	906.44	907.74	907.74	895.71	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)
H'me B'nds*	89.47	89.45	89.55	89.45	89.41	89.51	90.86 (4/1)	86.73 (11/7)	—
Transport	253.51	257.21	260.88	260.62	261.49	259.25	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)
Utilities	106.70	107.48	107.58	107.75	107.22	107.21	110.98 (5/1)	102.84 (22/2)	165.32 (20/4/69)
Trading vol. 000's†	37,400	45,340	54,400	53,670	42,170	40,380	—	—	—

* Basis of Index changed from August 24

	Sept. 8	Sept. 1	Aug. 25	(Year ago)
Ind. div. yield %	5.21	5.38	5.26	5.2[illegible]

STANDARD AND POORS

	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	Sept. 7	1978 High	1978 Low	Since Comp. High
Industrials	116.51	117.94	118.71	118.67	118.48	116.86	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)
Composite	105.10	106.34	106.99	106.98	106.79	105.42	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)

	Sept. 13	Sept. 6	Aug. 30	Year ago
Ind div. yield %	4.63	4.67	4.76	4.[illegible]
Ind. P/E Ratio	9.88	10.08	9.89	9.[illegible]
Long Gov. Bond yield	8.33	8.37	8.42	7.[illegible]

N.Y.S.E. ALL COMMON

Sept. 14	Sept. 13	Sept. 12	Sept. 11	1978 High	1978 Low
59.37	60.06	60.38	60.58	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Sept. 14	Sept. 13
Issues traded	1,920	1,940
Rises	366	702
Falls	1,207	860
Unchanged	347	378
New Highs	—	175
New Lows	—	3

MONTREAL

	Sept. 14	Sept. 13	Sept. 12	Sept. 11	1978 High	1978 Low
Industrial	(u)	(u)	211.32	211.55	211.55 (11/9)	162.[illegible]
Combined	(u)	(u)	217.47	217.71	217.71 (11/9)	170.[illegible]
TORONTO Composite	(u)	1238.9	1266.6	1,288.2	1288.9 (13/9)	998.[illegible]
JOHANNESBURG Gold	259.8	252.5	247.4	248.7	272.0 (14/9)	185
JOHANNESBURG Industrial	270.8	268.5	265.0	264.6	270.0 (14/9)	194

	Sept. 14	Previous	1978 High	1978 Low
Australia (¶)	556.31	554.49	556.31 (14/9)	441.19 (1/3)
Belgium (l)	100.97	100.56	101.16 (8/6)	90.43 (25/6)
Denmark (**)	97.02	97.10	98.95 (14/8)	94.00 (6/2)
France (††)	76.2	76.9	76.5 (3/8)	47.5 (3/2)
Germany (‡‡)	837.6	838.7	839.3 (11/9)	759.4 (17/3)
Holland (§§)	92.3	92.6	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	661.49	676.27	707.70 (4/9)	383.44 (13/1)
Italy (ll)	76.53	76.56	76.66 (13/9)	55.45 (10/1)
Japan (a)	427.58	427.15	427.75 (5/9)	364.04 (4/10)
Singapore (b)	391.95	395.93	414.50 (2/9)	262.0 (9/1)

	Sept. 14	Previous	1978 High
Spain (d)	100.72	101.52	110.[illegible]
Sweden (e)	394.09	395.30	408.[illegible]
Switzerl'd (f)	286.4	286.4	323.[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ll Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam 1970. ¶¶ Hang Seng Bank 31/7/64. ll Banca Commerciale Italiana 1972. a New SE 4/1/68. b Straits Times. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded
Ramada Inns	1,627,800
Holiday Inns	1,019,900
Howard Johnson	664,700
Pan-Amer. Airways	649,100
Marriott	447,600
Del E. Webb	357,000
Sears Roebuck	336,100
Bally Mfg.	287,300
Caesars World	277,000
General Motors	261,000

NEW YORK

Stock	Sept. 14	Sept. 13
Abbott Labs	36½	37⅜
Addressograph	29½	30½
Aetna Life & Cas	42½	43¼
Air Products	28⅞	29½
Alcan Aluminium	31¾	32⅜
Alcoa	45⅞	46⅛
Alleg. Ludlum	19¼	19½
Allegheny Power	18¼	18¼
Corning Glass	61½	62½
CPC Int'national	53	54
Crane	35⅝	36
Crocker Nat	29⅝	29½
Crown Zellerbach	35⅝	36
Cummins Engine	39	39⅜
Curtiss Wright	17½	17½
Dana	30¾	30½
Dart Industries	47	47⅝
Johns Manville	32½	32⅞
Johnson Johnson	86	87⅛
Johnson Control	29½	29¼
Joy Manufacturing	36¼	37
K. Mar Corp.	28	28⅝
Kaiser Aluminium	36¼	36⅝
Kaiser Industries	2¼	2⅜
Kaiser Steel	28⅝	28⅝
Kay	13½	13⅝
Kennecott	23½	23½
Kerr McGee	50¾	51½
Revlon	55	56
Reynolds Metals	35⅞	35⅞
Reynolds R. J.	62¾	64
Richson Merrell	29½	30⅜
Rockwell Inter.	35	35¾
Rohm & Haas	36¾	37⅛
Royal Dutch	63½	64
RTE	15¼	15½
Russ Togs	12½	12⅜
Woolworth	22	23½
Wyly	6⅞	7
Xerox	56¼	58⅝
Zapata	16¼	16½
Zenith Radio	16¾	17⅜
U.S. Treas. 4% 1980	95	95
U.S. Treas. 4¼% 75/85	81½	81½
U.S. 90-day bills	7.76%	7.76%

CANADA

Stock	Sept. 13	Sept. 12
Sceptre Resources	8	8
Seagrams	31⅛	30¾
Shell Canada	15⅝	15½
Sherritt G. Mines	7¼	7⅛
Siebens O. G.	36½	36½
Simpson	6⅝	6½
Steel of Canada	27	26¾
Steep Rock Iron	3.50	3.50
Texaco Canada	48	49¼
Toronto Dom. Bk.	20¾	21¼
TransCan Pipe Ln	17⅜	17¾
Trans Mount Oil	8⅞	8⅞
Trizec	15¾	15⅜
Union Gas	12	12
Utd. Sieve Mines	9	8⅞
Walker Hiram	38½	38¾
West Coast Trans	12⅜	12½
Weston Geo.	20	19⅜

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆

Sept. 14	Price Dm.	+ or —	Div. %	Yld. %
AEG	84	+0.6	—	—
Allianz Versich	527	+6	31.2	2.9
BMW	225.5	—2	28.12	5.6
BASF	140.4	—0.5	18.75	6.7
Bayer	142.5	—0.5	18.75	6.6
Bayer-Hypo	293.1	—1.9	28.12	4.8
Bayer Vereinsbk.	339		18	2.7
Ciba-Geigy Nat. wrts	162	—2	—	—

TOKYO ¶

Sept. 14	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	358	—2	14	2.1
Canon	441	—1	12	1.4
Casio	798	—2	25	1.6
Chinon	416	—9	20	2.4
Dai Nippon Print	561	+1	18	1.6
Fuji Photo	570	—5	15	1.3
Hitachi	228		12	2.6
Honda Motors	510	—1	18	1.8

AUSTRALIA

Sept. 14	Aust. $	+ or —
ACMIL (25 cents)	†0.75	+0.02
Acrow Australia	†0.82	—0.04

OSLO

Sept. 14	Price Kroner	+ or —
Bergen Bank	100	—1
Borregaard	82	—1.5

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin Corp.	11½%
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	†10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullman	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½% and over £25,000 [illegible].
§ Demand deposits [illegible].

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1,594

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

COPENHAGEN ♣

PARIS

VIENNA

MILAN

BRAZIL

JOHANNESBURG

STOCKHOLM

SPAIN ♥

FARMING AND RAW MATERIALS

Sugar users attack beet growers

BY CHRISTOPHER PARKES

THE IMPENDING revision of the Common Market's sugar policy should include a cut in the area planted with beet, fairer distribution of quotas and price reductions to discourage the less efficient, the British food industry claimed yesterday.

Sugar consumers in the European Community were paying unnecessarily high prices, the Food Manufacturers' Federation and the Cocoa, Chocolate and Confectionery Alliance charged in an open letter to M. Henri Cayre, French leader of the powerful EEC beet-growers' lobby.

Earlier this year M. Cayre told a meeting of European beet industry representatives that Community sugar production should be expanded, cane imports should be reduced and that production of substitute sweeteners should be discouraged.

The British letter rejected his ideas as "clearly detrimental to consumers of sugar."

Mr. Alex McClumpha, chairman of the Confectionery Alliance's supply committee, said it was a denial of progress to seek to penalise sugar substitutes.

"To penalise the opposition is not an adequate defence of a declining market where the decline is due to high prices," he claimed.

The EEC price of sugar was double the world price. This was the main reason for the decline in consumption.

The letter noted that even in a bad year, the present area under sugar beet in the Community would produce a surplus of 1.35m tonnes. In a good year the surplus would be well over 3m tonnes of sugar.

To bring output to more reasonable levels the authors suggested a 100,000 hectare cut in the area to 1.67m hectares. This would produce a surplus in a poor year of 800,000 tonnes and more than 2m tonnes in an average growing season.

Shares of the reduced area should be redistributed around the Nine to give a fairer share to those regions best suited to growing sugar.

In the year just ended export subsidies spent on disposing of the surplus sugar outside the EEC cost an estimated £400m.

"There is clearly no reason why the EEC sugar industry should be maintained at such an unnecessarily high production level, so wasting resources on a massive scale at no advantage to the community," the letter said.

The authors also rejected as "wildly impracticable" M. Cayre's suggestion that cane raws now coming to the UK from the old Commonwealth should be diverted to non-sugar producing countries in the developing world. His proposal also ignored the traditional channels of trade and the impact of such a change on the UK refining business.

"Is it right," the letter concluded," that the 425,000 beet growers should be rewarded with ever-higher prices for ever-mounting surpluses in an ever-declining market?"

The present EEC sugar regime was established in 1968 and a revised system should be in operation by July 1, 1980. To meet this deadline and give the industry adequate notice of any changes, Ministerial negotiations should be concluded by July next year.

Commission proposals are expected some time this autumn.

New grain pact talks

BY OUR OWN CORRESPONDENT OTTAWA, Sept. 14.

THE CANADIAN Senate Agriculture Committee is to send representatives to Washington to discuss further the possibilities of international co-operation in the marketing of grains.

Sen. Hazen Argue, chairman of the committee, said here that a sub-committee will leave on September 27 for meetings with the U.S Senate Agriculture Committee.

The talks will broaden the discussions held in Winnipeg last June. He is hopeful they will significantly advance the possibility of arranging a new international wheat agreement.

Sen Argue said the Australians are willing, and the Argentinians are interested.

The new Canadian crop, which would add to the world reserves, could cause farm-gate prices to fall once again below production costs.

"This should not be permitted to happen. The present cut-throat competition among exporters is very costly to wheat producers," he said.

"The importers' policies destabilise the world trade situation and put the burden on our producers. Only through exporter co-operation can this situation be remedied."

Reuter reports from Chicago that international grain trade will expand to 176m tonnes in 1985 from 121m in 1975 and 81m in 1965, according to Mr. Montague Yudelman, World Bank agriculture and rural development director.

He said world grain trade has changed dramatically in the last 25 years, with the number of major exporting countries falling to three—the U.S., Canada and Australia—and the number of importing countries increasing.

Major importers will be OPEC countries and newly affluent developing countries as living standards rise and more grain is used to feed livestock.

Mr. Yudelman said one question hanging over world grain trade in the next few years was China's intention to double its grain output.

This may be used internally but China could use the increase to enter the world market.

U.S. Congress backs rubber plant research

WASHINGTON, Sept. 14.

THE HOUSE Agriculture Committee approved a Bill to promote development of commercial rubber production from a native south-western shrub, Guayule, reports Reuter.

The legislation, passed by a 24—3 show of hands, directs the Secretary of Agriculture to carry out research and demonstration programmes to encourage private commercial production of latex rubber from Guayule, which grows in dry areas of the U.S. south-west and Mexico.

An identical Bill has been approved by the House Science and Technology Committee and a similar measure passed by the Senate.

Research authorisations under the Bill would start at $5m in the 1980 fiscal year.

EEC chief defends lamb market plan

BY A CORRESPONDENT LUXEMBOURG, Sept. 14.

ADOPTION OF the EEC Commission's proposals for regulating the lamb and mutton market would not lead to price increases for consumers, Mr. Finn Gundelach, Community Farm Commissioner told MPs at the European Parliament today.

The Commission proposals would give the Community's Sheep farmers, particularly those in poorer areas of Ireland and France, a new chance of economic survival.

At a cost of 60 to 80m units of account a year the regime would be less expensive than any other regulatory system, he said.

Speaking during a debate on the Commission proposals, which earlier this year encountered strong opposition from Britain and France, the Community's largest sheep meat producers, Mr. Gundelach said MPs' views here differed so widely that he would continue to negotiate with the Council of Ministers on the basis of the existing proposals.

He replied to British parliamentarians concerned over possible consumer price increases by insisting that his was a low-price policy.

A 10 per cent. increase in consumer prices would lead to a 10 per cent drop in consumption and this must be avoided, he said.

Our commodities staff writes: Last year consumption of lamb in the UK fell 8 per cent to 7.2 kilos per head. Prices of the meat increased during the 12 months by 10 per cent for home-killed lamb and 2 per cent for imported, according to the Meat and Livestock Commission.

The MLC's quarterly report just published, shows that consumption is picking up this year.

In the 12 weeks ended June 24, lamb consumption rose 1 per cent over the comparable period of 1977. Retail prices have increased almost 20 per cent since the start of the year.

Coffee export quotas urged

COFFEE EXPORTERS want a working group to establish a price range for operating quotas under the International Coffee Agreement, according to Mr. Rene Montes, Guatemalan delegate at the talks in London this week, reports Reuter.

He said he had asked the executive Board of the International Coffee Organisation on behalf of producers for a working group to be set up consisting of four exporting and four importing countries.

Meanwhile, world coffee production is estimated at 68.96m bags in the 1977-78 crop year ending on September 30, against 68.55m previously in the ICO Quarterly bulletin released in London yesterday.

The estimate places the just harvested Brazlian crop at 18.5m bags, against 16m previously, with Colombia at 9.8m (9.4m).

Eggs dearer as demand increases

By Our Commodities Staff

RETAIL PRICES of eggs are to go up next week for the first time in several weeks. Sizes 3 and 4 will go up 4p a dozen and size 5 by 2p a dozen. Prices for other grades are unchanged.

Goldenlay, the country's biggest egg marketing consortium, pointed out that eggs were still cheaper than 12 months ago.

Production has been reduced because of low prices. The cut in supplies, coinciding with the usual increase in demand at the end of summer holidays, has led to the price rises.

Goldenlay said that if these new price levels could be maintained, egg producers would find their weekly losses —estimated at around £2m recently—cut by £500,000.

Egg producers are working on details of a plan to slaughter up to 2½m surplus hens in order to cut supplies and boost prices further. They are expected to seek approval from the Ministry of Agriculture at the end the month.

There are doubts, however, about the willingness of the Ministry to bless such a scheme.

The egg industry had ample warning that it was heading for serious over-production.

Zaire raises cobalt price

By Our Commodities Staff

ZAIRE is raising the price of its cobalt metal again with immediate effect, Sozacom, the state metals marketing organisation, confirmed yesterday.

It is following the lead set earlier this week by the Finnish and Zambian producers in raising the U.S. market price from $12.50 to $18.00 a pound. In sterling terms this means the price will go up by about £6,000 to £21,000 a tonne. In May the price was £8,250.

U.S. continues sugar probe

WASHINGTON, Sept. 14.

THE U.S. International Trade Commission voted by 4-1 to recommend to the Treasury Department that an investigation be continued on imports of sugar from Belgium, West Gewrmany and France, reports AP-Dow Jones.

The Treasury earlier indicated "substantial doubt" on whether imports of European sugar have injured domestic sugar producers. The ITC ruling means that the department will continue its anti-dumping investigation.

Autumn madness at the sheep sales

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT USED ALWAYS to be said that a madness infects farmers in the spring when the grass is growing. They set out to buy cattle to stock their pastures when prices are at their highest before steadily declining through the summer as winter—and the prospect of heavy feed bills—looms into consciousness. But a similar madness seems to have overtaken farmers buying sheep this autumn.

This does not apply to "feeding" sheep that is lambs purchased to be fattened this year. They are expensive because there is a lot of feed about and demand is heavy but the purchasers have a reasonable chance of getting out without loss and even making some profit if they don't cost their inputs too exactly.

It is the price of good young breeding sheep that has really leapt ahead at the sales. These sheep are the traditional crosses of the hill breeds whose owners make a practice of mating their older ewes with a ram bred especially for this purpose. The main breeds used for this are of Leicester extraction.

The Leicester was one of the first breeds to have been improved in the 18th century, and two variants the Border Leicester in Scotland and the Blue-faced Leicester in the North of England, are the most popular at present.

Mated with the Cheviot ewe the Border Leicester produces the Halfbred, probably the most sought after breeding sheep. The Blue-faced crossed with a Swaledale, a horned mountain sheep, produces the greyface, or mule. Each breed has its devotees.

It did appear that in terms of price the Mule was overtaking the Halfbred in popularity. But this autumn reports from the early sales indicate that the Halfbred may well be dearer again.

Both in my opinion are very good sheep. But the Mule, in my environment, seems a hardier sheep and has just as many lambs.

The breeders of these ewes are having a bonanza. The price of shearling ewes, 18-month-old-sheep, has risen by about £10 per head on last year, and this has meant that the cost of ewe lambs has also risen.

It would be difficult to buy a flock of young Mule ewes of any quality for much under £60, and Half-breds have been averaging £5 to £10 more. Indeed in the Scottish borders last week, I was shown shearling ewes which cost £80, and ewe lambs just under £60.

The lamb price is influenced by the cost of ewes. Farmers, who buy ewe lambs, keep them for a year to sell as shearlings and having made a good sale are encouraged to bid strongly again. In any case they have little option.

If their system is to farm lambs for selling as ewes, they have to keep their fields stocked and hope that this year's ewe price will at least be repeated if not increased next year.

Few of them depend entirely on farming these lambs; they are usually a subsidiary enterprise. But it is an enterprise in which capital required is becoming enormous for such a risky business.

It is risky because success depends on the ewe price the following year, and this can vary enormously. For instance a drought in southern England where many of these Northern sheep are destined to go, can reduce demand or farming fashions and policies may change. The whole business is at the mercy of the decisions made by farmers a long way away.

I have kept sheep all my farming life. I like them and will probably keep on with them, but the present prices for flock replacements—between 200 to 300 a year—make me blink when I write the cheque. I used to think that a ewe should produce her value in lambs and wool in a year.

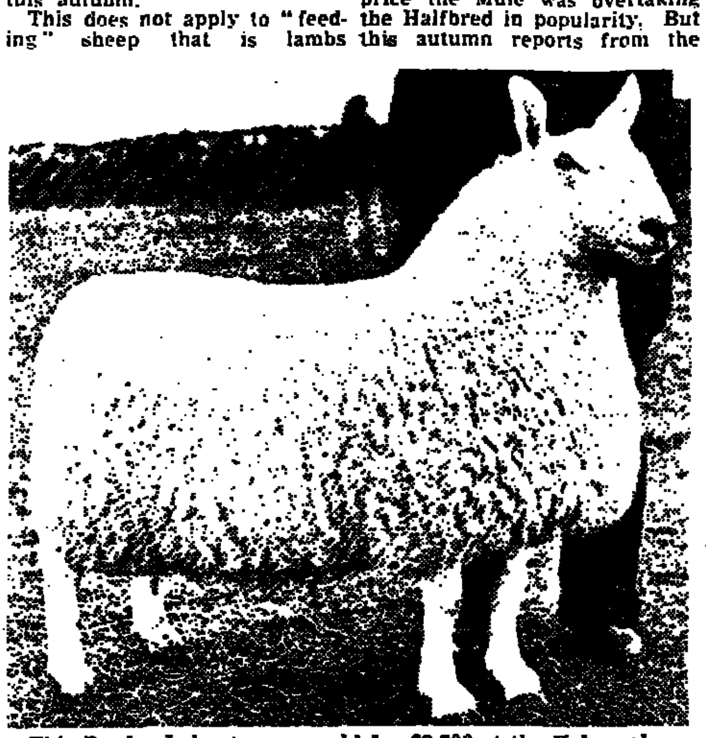
Output this year has been about £42 per head. When I mentioned this to my agent as a price for replacements, he looked at me pityingly and suggested I do my buying myself.

This highlights the dilemma facing many of us with established flocks. We have to keep on buying replacements in order to maintain numbers. Breeding our own ewes is not really practical as the hybrids fit the system so well.

However, there were few doubts among farmers at the Kelso ram sale last week. It was the best show of rams I have ever seen, with nearly 3,500 sheep being sold through 11 "rings" fetching a total of £800,000.

The Border and Bluefaced Leicesters, the main crossing sheep, averaged £100 per head more than last year, at over £350 a head. The more numerous Suffolks, used mainly for fat lamb, averaged over £200.

Buyers in the main were farmers from the North of England and Scotland. I just hadn't the nerve to compete with them and came away empty handed.



This Border Leicester ram sold for £3,500 at the Kelso sales. Bred by Mr. Jim Stobo of Berwickshire, the animal was bought by local farmer Mr. James Mauchline of Spotsmains, Kelso.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange. Forward metal rose to £756 on the pre-market reflecting the firmness on Comex overnight but the price then eased back to £755.5 owing to the rise in sterling and some trade selling. Heavy lending caused the contango to widen to around £18.75. In the afternoon forward metal moved narrowly, easing to £753 but then edging up to close on the late kerb at £757. Turnover. 34,900 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £738, 37, three months £756, 56.5, 57, 57.5, 57, 56.5, 56. Cathodes, cash £727, 27.5, three months £746. Kerb: Wirebars, three months £756, 55.5, 56. Cathodes, cash £727. Afternoon: Wirebars, cash £737.5, three months £756, 56.5, 56. Cathodes, three months £746.5. Kerb: Wirebars, three months £756, 55.5, 55, 55.5, 57.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	737-.5	+5	737.5	+4.75
3 months	756-.5	+6.5	756-.5	+5.75
Settl'm'nt	737.5	+5	—	......
Cathodes				
Cash	727.5-8	+5.5	726-7	+4
3 months	746-.5	+6	746-7	+5.75
Settl'm'nt	728	+5.5	—	......
U.S. Smt.	624	......	63-66	......

TIN—Easier again in active trading. The sharp rise in the Penang market to a record M$1915 prompted some good fresh buying initially which lifted forward standard metal to £7,100 before bull liquidation and profit-taking touched off some stop-loss selling which depressed the price to around £6,970. In the afternoon buying against U.S. physical interest pushed the price back up to £7,030 on the late kerb. Turnover: 1,140 tonnes.

Morning: Standard, cash £7,220, 10, three months £7,035, 30, 20, 10, £6,970, 90, 7,000, 05. Kerb: Standard, three months £7,000, 6,995, 90. Afternoon: Standard, three months £7,000, 10, 15, 10. Kerb: Standard: three months £7,015, 20, 25.

[illegible]

LEAD [illegible]

ZINC [illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

ROBUSTA—Following lower overnight "C" Contract advices, London opened correspondingly easier, reports Drexel Burnham Lambert. After the initial liquidation the rest of the day was very [illegible]

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

The market opened slightly steadier in line with Chicago. Although after brief trading at the highs, it slipped £1.20 to finish at the lows of the day. The physical market was very quiet, SNW Commodities reports.

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on September 14: GB—Cattle 68.28p per kg.l.w. (−0.99). UK—Sheep 139.5p per kg.est.d.c.w. (+1.1). GB—Pigs 66.9p per kg.l.w. (−0.3). England and Wales—Cattle numbers down 23.1 per cent, average price 68.37p (−0.72); Sheep up [illegible]

[illegible] Pears—Per pound Williams [illegible] Per pound Bush 0.07, Pershore 0.06, Victoria 0.08-0.10. Damsons—Per pound 0.18. Tomatoes—Per 12-lb English 1.40-1.60. Cabbages—Per crate 0.70. Celery—Per head 0.08. Cauliflowers—Per 12 Lincoln 1.00-1.20. Runner Beans—Per pound Stick 0.07. Beetroot—Per 28-lb 0.60. Carrots—Per 28-lb 0.50-0.70. Capsicums—Per pound 0.30. Courgettes—Per pound 0.10. Onions—Per bag 1.50. Picklers 2.40. Swedes—Per 28-lb 0.60. Turnips—Per 28-lb 1.00. Parsnips—Per 28-lb 1.20-1.40. Sprouts—Per pound 0.06-0.07. Cobnuts—Per pound Kent 0.35. Corn Cobs—Each 0.06-0.07.

PRICE CHANGES

Price in tonnes unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

Sept. 14	Sept. 13	Month ago	Year ago
253.63	253.57	246.71	243.05

(Base: July 1, 1952=100)

REUTERS

Sept. 14	Sept. 13	Month ago	Year ago
1485.6	1483.5	1441.7	1494.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 14	Sept. 13	Month ago	Year ago
Spot	383.78	381.65	359.00	374.49
Futures	382.42	381.03	350.90	329.67

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 14	Sept. 13	Month ago	Year ago
Sple Commty	936.0	938.0	916.5	835.5

(December 31, 1931=100)

Molybdenum supply to rise

NEW YORK, Sept. 14.

THE PRESENT escalation in molybdenum prices has run its course and the rate of increase in the future will slow down, according to Mr. John Goth, group executive for Amax Incorporated, reports Reuter.

He said that the balance between supply and demand will become more comfortable, partly because of projects planned by Amax.

On the demand side, an annual growth rate of up to 6 per cent is expected over the next several years, mostly as a result of increased usage of alloys.

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £3.20-£3.80, medium haddock £4.20-£5.00, small £3.00-£3.30, large plaice £5.80-£6.40, medium £5.00-£6.00, best small £4.60-£5.30, large skinned dogfish £7.50, medium £8.00, large lemon soles £7.00, medium £6.80, rockfish £2.80-£3.20, saithe £2.00-£3.00.

U.S. Markets

Coffee and metals ease, cocoa up

NEW YORK, Sept. 14.

PRECIOUS METALS eased slightly on Commission House profit-taking. Copper closed lower on trade hedge selling, while coffee eased in quiet trading. Cocoa closed slightly higher on renewed Commission House buying. Soyabeans eased on profit-taking following previous strength, Bache reports.

Cocoa—Sept. 176.65 (174.55), Dec. 174.05 (172.65), March 171.05, May 168.05, July 165.35, Sept. 162.55, Dec. 159.15. Sales: 692.

Coffee—"C" Contract: Sept. 161.25-161.50 (160.35), Dec. 149.50-149.75 (150.16), March 136.50-138.70, May 133.00-134.00, July 130.25-131.00, Sept. 127.00-130.00, Dec. 124.00-125.50. Sales: 717.

Copper—Sept. 64.80 (65.10), Oct. 64.95 (65.35), Nov. 65.55, Dec. 66.15, Jan. 66.60, March 67.60, May 68.45, July 69.30, Sept. 70.10, Dec. 71.15, Jan. 71.45, March 72.05, May 72.70, July 73.35. Sales: 7,974.

Cotton—No. 2: Oct. 61.90-61.95 (61.49), Dec. 64.30-64.35 (63.83), March 66.75, May 67.70, July 67.90, Oct. 65.50-65.60, Dec. 65.70. Sales: 8,050.

***Gold**—Sept. 210.20 (211.50), Oct. 211.10 (212.50), Nov. 212.60, Dec. 214.20, Feb. 217.40, April 220.70, June 224.20, Aug. 227.70, Oct. 231.20, Dec. 234.70, Feb. 238.20, April 241.80, June 245.40. Sales: 14,000.

†**Lard**—Chicago loose unavailable. NY price steam 26.50 traded (26.75).

‡**Maize**—Sept. 212½-213 (213½), Dec. 221-221½ (222½), March 230½-230¼, May 236, July 239-239½, Sept. 240¼.

§**Platinum**—Oct. 266.10-266.40 (266.00), Jan. 269.50-269.90 (268.00), April 272.20-272.40, July 275.20-275.50, Oct. 278.10-279.20, Jan. 281.60-281.80, April 284.70-284.90. Sales: 1,553.

¶**Silver**—Sept. 553.40 (556.50), Oct. 555.20 (558.80), Nov. 559.30, Dec. 563.20, Jan. 567.20, March 575.50, May 584.10, July 593.00, Sept. 602.00, Dec. 615.80, Jan. 620.50, March 630.00, May 639.80, July 649.20. Sales: 9,000. Handy and Harman spot 554.80 (553.50).

[illegible]

COMPANY NOTICES

BOND DRAWING

CORRECTION NOTICE.
CITY OF TURIN
6½% Sterling/Deutsche Mark Bonds 1984

Among the numbers of the £100 Bonds should be 12291 to 12293; 12295 to 12321 not as published on 14th September, 1978.

Notice to Holders of European Depositary Receipts (EDR's) in
MITSUI & CO. LTD., TOKYO

We are pleased to confirm that copies of the Annual Report for the year ended March 31, 1978 of Mitsui & Co. Ltd. are now available to EDR holders upon application to the following sub-depositaries:—

Citibank Branches in: Amsterdam, Frankfurt, Milan, Paris
Bank of Tokyo Branches in: Brussels, Dusseldorf, Hong Kong, London, Milan, Paris
Citibank (Belgium) S.A.
Citibank (Luxembourg) S.A.
Kredietbank S.A. Luxembourgeoise—Luxembourg
Citibank N.A. London Depositary
September 1978

STOCK EXCHANGE REPORT

Trade returns give Gilts added impetus but make little impact on equities—Tap stocks operative

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The eagerly awaited August trade figures proved up to best market expectations yesterday and gave a further, although, modest boost to the Gilt-edged sector, but made little immediate impact on equities. Quietly firm following the early reactivation of the near-medium tap, *Exchequer 10 per cent 1987, at 95¼*, long-dated Gilts extended their gains to ¾ when the long "tap" Exchequer 12 per cent 1999-2002 was also operated by the *Government broker at 95½, a level he* later withdrew, after announcement of the trade figures. The money supply figures were also well received, but appeared to *have been discounted*.

The optimistic tenor of the Bank of England's latest quarterly review prompted renewed firmness in the Industrial leaders at the *start. However, after a fresh bout* of small buying interest, which left the FT 30-share index up 5 points at noon, prices thereafter drifted back and the index closed *only 1.2 up on the day at 535.5*. The easier trend was attributed to profit-taking in the absence of the recently mooted cut in Minimum Lending Rate and the possi*bility that investment emphasis* may switch to Gilt-edged securities *following the recent strong* upward movement in equities.

The turnround in the leaders *had scant impact on secondary* issues, which recorded numerous and sometimes substantial gains. A lengthy list of company trading statements created considerable *interest and provided many* of the day's more noteworthy features. The overall improvement was reflected in the 5-2 majority again of rises over falls *in FT-quoted Industrials and a* fresh rise of 0.4 per cent to an all-time peak of 242.30 in the FT-Actuaries All-share index.

Reactionary attempts in the investment currency market were thwarted by an underlying institutional demand and, to a lesser extent, by the effects of sterling's initial dullness. Consequently the premium *rose* to 96½ per cent before settling ¾ up on balance at 96 per cent. Yesterday's SE conversion was 0.6788 (0.6828).

Another record business in Traded Options saw the closing total reach 1,346. ICI were again popular, completing 380 contracts, while Grand Met were also active with 295.

Home Banks higher

Buyers returned for the major clearing banks and turnover subsequently improved. **Barclays** and **Midland** closed 10 higher at 368p and 375p respectively. **Lloyds** added 7 to 280p and **NatWest** finished 5 to the good at 285p. **Bank of Scotland** moved forward 7 to 294p ahead of next Tuesday's *interim results. Irish issues were* again in demand and **Bank of Ireland** rose 17 more to 465p, while **Allied Irish** put on 11 further to 238p.

Prudential declined 5 to 160p, being unsettled by the disappointing underwriting figures for the first-half year, and other Life issues turned easier in sympathy. **Britannic**, 172p, **Equity and Law**, 180p, and **Hambro Life**, 386p, all finished 4 lower.

A. Bell fell 16 to 270p, after 266p, on selling partly induced by the chairman's *view of U.S.* prospects, which annulled the effects of the satisfactory results and proposed scrip issue. **Distillers** were 2 harder at 214p, after 215p, *following the* chairman's statement at the annual meeting.

Building descriptions maintained a firm undertone but early *gains were often trimmed in late* dealings. **Newarthill**, however, advanced 11 to 178p in a thin market, while **Norwest Holst** firmed 4 to 100p and **John Laing** A 3 to 220p. *Good half-term re*sults put **Leyland Paint** 6 higher at 95p, but despite the midway growth **Richards and Wallington** shed 3 to 93p. Profit-taking caused *reactions of 2 and 4 re*spectively in **Benlox**, 22p, and **G. H. Downing**, 158p. In similar circumstances, **Magnet and Southerns** eased 4 to 228p. In Cements, **Tunnel B** were wanted at 310p, up 6, and **Hoveringham** were also in demand at 88p for a rise of 4.

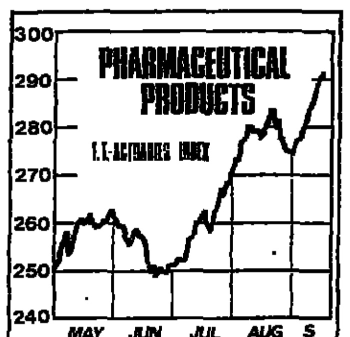
ICI touched 425p in the early dealings, *but subsequent light profit-taking* brought a close just 2 up on balance at 420p. Elsewhere, the excellent interim profits lifted **Croda International** 4 to 66p, after 68p, but disappointment with half-yearly returns left **Horace Cory** slightly cheaper at 24p, after 25p.

H. Samuel up

Once again, secondary Stores provided a lengthy list of gains. **H. Samuel "A"** added 6 to 198p in response to the increased interim earnings and forecast of a record result for the full year, while **Home Charm** put on 5 to 210p for a *similar reason*. Hopes of imminent news of the bid discussions prompted a fresh improvement of 5 to 288p in **Bourne and Hollingsworth**, *renewed speculative support lifted* **Time Products** 8 to 214p and fresh buying ahead of the forthcoming preliminary results left **MFI** up 6 to 136p. **Executex**, 52p, and **Lee Cooper**, 150p, gained 5 apiece, but the chairman's cautious remarks at the annual meeting continued to unsettle **Dixons Photographic**, which lost 7 more to 135p. Apart from a further rise of 6 to 340p in **Gussies "A"**, leading issues faltered as interest waned. **Marks and Spencer** eased 2 to 91p. **George Oliver "A"** rose 5 to 63p on the interim figures in firm Shoes.

EMI led Electricals into higher ground with an improvement of 8 to 163p. **Pye** rose 5 to 92p, while **Chloride**, 134p, and **Petbow**, 132p, put on 6 apiece. Against the trend, **Plessey**, at 122p, gave up 3 of Wednesday's rise of 7 which followed speculation about a pending bid from Racal Electronics.

Leading Engineerings displayed no set trend as **GKN** hardened 2 to 284p awaiting today's interim results. **John Brown** put on 4 to 494p but **Vickers** declined 4 to 207p and **Hawker** ended 3 off at 266p, after 272p. Elsewhere, **M.L.** continued to respond to hopes *of news soon of a possible* U.S. defence contract and closed a further 10 better at 235p, a rise of 40 on the week so far. **Jones and Shipman** gained 6 to 162p, after 164p, following the higher interim earnings and **Johnson and Firth Brown** hardened 2 to 75p, after 76p, in reply to the increased annual profits. Comment on their respective first-half performances helped **Northern Engineering** advance 5 more to 137p, and **Babcock and Wilcox** improved 4 afresh to 150p. **Turriff** were popular at 89p, up 6, and **B. Elliott** recorded a similar improvement at 162p.



Press comment drew buyers' attention to *British Sugar*, which rose 4 to 131p for a two-day gain of 9. Elsewhere in Foods, **Rowntree Mackintosh** improved 13 to 440p in anticipation of the interim results, which are expected shortly. **G. F. Lovell** were suported at 50p, up 4, while revived speculative interest raised **Avana** 2½ to 32p.

News that the company has been allowed an average increase of 5.28 per cent on UK hotel tariffs by the Price Commission aroused *interest in Trust Houses Forte*, which rose 8 ot a 1978 peak of 244p. **Prince of Wales Hotels** moved up 4 to 59p on the profits forecast which accompanied the interim figures, while **Queen's Moat Houses** hardened 1½ to 44p and **Reo. Stakis** gained 2½ to 41p.

Booker M. please

A sizeable list of company trading statements induced interest in secondary miscellaneous Industrials and some useful gains were recorded. **Booker McConnell** rose 6 to 300p, after 303p, in response to the slightly better-than-expected interim results, while **Huntleigh** added 11 to 158p, **British Vita** improved 6 to 119p and **Lead Industries** gained 7 to 163p, all following favourable first-half profit performances. Mirroring the sharp profits recovery, **Bridon** touched 117p before closing 9 higher at 116p and **Magnolia** improved 3 to 113p after the interim *results*. Following the agreed counter bid of 70p per share from Courtaulds, **Compton, Sons and Webb** put on 7 to 66p, after 68p, while **Stonehill**, at 112p, recorded *a Press-inspired gain of 6*. **Peerage of Birmingham** advanced 10 to 68p on hopes of news soon concerning the bid discussions. Reflecting the continuing boom in *consumer spending*, **Hoover A** added 15 to 305p. The leaders closed below the best despite the good August Trade figures. **Bowater** hardened 2 to 211p, after *214p, and* **Glaxo** put on 4 to *647p*, after 650p. Comment on the better-than-expected interim results left **Tuner and Newall** up 2 more at 192p.

The larger-than-expected losses disclosed in the interim statement depressed **Black and Edgington**, which cheapened 4 to 112p.

Fodens featured late in Motors and Distributors and rose 7 to 67p, while **Lex Service** reflected the success rights issue with a gain of 2 to 89p. Rises of 4 were recorded in **Flight Refuelling**, 185p, and **Jonas Woodhead**, 104p. **Rolls-Royce** hardened a penny to 108p on small buying in front of next Monday's interim results, but *scattered selling lowered* **Group Lotus** 4 to 49p. **Dutton-Forshaw** moved up to 54p in response to the interim figures before reacting to close slightly easier on balance at 52½p.

Selected Newspapers made progress on investment demand. **Daily Mail A** put on 12 to 355p and **Thomson** 10 to 280p, but lower-than-expected interim profits left **Liverpool Daily Post** 4 down at 148p. Awaiting Tuesday's EGM, both **Pearson Longman** and **S. Pearson** met a steady stream of buyers which lifted the former 6 to 240p and S. Pearson 15 to 237p, after 240p. Elsewhere, **Oxley Printing**, a firm market recently ahead of the interim results, gave up a couple of pence at 73p despite the announcement of increased profits.

Leading Properties again *passed an uneventful session*, but several features appeared among secondary issues. Still impressed by the 200 per cent scrip issue, which accompanied the annual *results*, **Apex** *advanced 12 to a* 1978 peak of 260p, while **Warnford** put on 7 to 337p and **Property and Reversionary A** 5 to 330p. **Berkeley Hambro** and **United Real** hardened 3 apiece to 141p and 303p respectively, while **Fairview Estates** attracted fresh support at 129p, up 4. Helped by the improved interim results, **Winston Estates** moved up a penny to 46p and following the *higher profits and scrip issue*, **Second City Properties** improved a like amount to 44p.

Burmah dull

Sharing in the market's early enthusiasm, **British Petroleum** advanced to 914p before reacting to end just 4 better on the day at 910p. In similar circumstances, **Shell** *slipped from an initially* higher level of 604p to close unchanged at 594. Press views of the interim profits and dividend omission left *Burmah* 3 cheaper at 79p, after 78p, while lack of buying interest allowed **Ultramar** to drift 4 lower to 236p. Speculative counter **Siebens UK** shed 8 to 394p on light profit-taking.

Investment Trusts attracted another good business and closed with widespread gains. **London Gartmore** improved 6 to 88p in a thin market, while **Caledonia Investments**, 67p, and **Colonial Securities deferred**, 270p, put on 5 apiece. Financials were featured by the performance of **Dalgety**, which fell to 306p in active trading on news of the £17.7m fund-raising plans, before rallying to close unchanged on the day at 313p. **Haw Par**, however, reflected the first-half trading loss with a fall of 2 to 70p.

Shippings extended Wednesday's good gains and **P and O** deferred moved up 3 to 97p for a two-day rise of 7. Elsewhere, **Milford Docks** fell 6 to 90p.

Golds erratic

After moving ahead strongly in the morning reflecting the initial rise in the bullion price and their sharp gains in overnight U.S. markets Golds came in for some fairly substantial American selling towards the close and in the after-hours trade as the dollar strengthened following rumours that Mr. Begin and Mr. Sadat had *made good progress* at the Camp David meeting.

The bullion price was finally 25 cents up at $210.875 per ounce, after being $211.20 at the morning *fixing, while the Gold Mines index* rose 5.5 to 187.8, its fourth consecutive improvement.

In the heavyweights **Randfontein** closed £1½ up at £39½, after £40, while among lower priced issues **Leslie** put on 5 to a 1978 high of 75p. **Harmony** climbed 15 to 415p, after 426p, following the better-than-expected interim dividend.

South African Financials also had earlier gains pared. **De Beers** were finally unchanged at 480p, *after touching a new high of 488p*. **Minorco** gained further ground and advanced 9 more to a high of 207p following continued American buying in front of the increased profits.

Australians were featured by the burst of speculative buying of diamond exploration issues, following continued rumours of a diamond find in the Lennard River area.

The Magnet-Lennard-Western Queen consortium, exploring in the region, all registered heavy gains.

Magnet Metals closed another 9 higher at 45p, a two-day gain of 15, following persistent American buying, while **Western Queen** jumped 12 to 33p, after 36p and **Lennard Oil** put on 7 to 38p.

Other speculative diamond stocks to improve were **Northern Mining**, which gained 15 to 134p, and **Spargo's Exploration** and **North West Mining** which both rose 5 to 45p and 47p respectively.

Elsewhere in Australians the recent buoyancy of the cobalt price rompted a good demand for **Metals Exploration** with the shares 3½p up at 38p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	—	2
Corpns., Dom. and Foreign Bonds	13	—	49
Industrials	598	204	822
Financial and Prop.	230	49	229
Oils	13	9	13
Plantation	3	10	18
Mines	76	14	38
Recent Issues	13	2	20
Totals	938	288	1,197

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

BANK RETURN

	Wednesday Sept. 13 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,560,829	+ 265,964
Special Deposits	640,535,000	+ 405,842,000
Bankers	342,257,514	+ 22,939,902
Reserves & Other A cs	705,305,352	+ 34,426,047
	1,724,171,695	+ 463,469,913
ASSETS		
Govt. Securities	1,297,461,328	+ 460,015,000
Advances & Other Accs.	202,595,220	+ 5,532,746
Premises, Equip't & other Secs.	192,655,903	— 7,754,524
Notes	24,966,319	+ 5,688,014
Coin	193,165	— 10,723
	1,724,171,695	+ 463,469,913
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,500,000,000	— 25,000,000
In Circulation	8,475,033,681	— 30,688,014
In Bank'g Dept	24,966,319	+ 5,688,014
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	7,554,863,276	— 38,721,010
Other Securities	934,121,624	+ 13,721,010
	8,500,000,000	— 25,000,000

FINANCIAL TIMES STOCK INDICES

—	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	Sept. 7	A year ago
Government Secs.	70.97	70.73	70.40	70.44	70.57	70.35	75.68
Fixed Interest	72.18	71.96	71.75	71.82	71.84	71.74	74.59
Industrial	535.5	534.3	526.4	524.5	517.0	508.7	544.9
Gold Mines	187.8	182.3	179.7	176.5	175.1	181.3	130.9
Ord. Div. Yield	5.04	5.05	5.11	5.13	5.19	5.27	4.86
Earnings. Y'ld%(full)(*)	14.40	14.61	14.77	14.88	15.07	15.61	14.60
P/E Ratio (net)(*†)	9.18	9.09	8.99	8.93	8.81	8.52	9.91
Dealings marked	6,031	6,519	5,835	5,623	5,182	4,354	7,971
Equity turnover £m	—	105.20	97.56	85.70	93.08	75.97	144.62
Equity bargains total	—	21,470	17,604	18,821	16,232	15,371	27,304

10 am 537.1. 11 am 538.7. Noon 539.3. 1 pm 539.3. 2 pm 537.6. 3 pm 536.8.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.94.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines.	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 14	Sept. 13
—Daily		
Gilt-Edged	131.3	139.1
Industries	237.2	252.8
Speculative	55.9	48.1
Totals	137.3	148.4
5-day Average		
Gilt-Edged	135.5	137.6
Industrials	227.5	213.8
Speculative	49.4	43.8
Totals	132.9	126.2

NEW HIGHS AND LOWS FOR 1978

NEW HIGHS (266)

BRITISH FUNDS (3)
AMERICANS (2)
CANADIANS (1)
BANKS (10)
BEERS (4)
BUILDINGS (13)
CHEMICALS (7)
DRAPERY AND STORES (25)
ELECTRICALS (12)
ENGINEERING (28)
FOODS (6)
HOTELS (3)
INDUSTRIALS (61)
INSURANCE (1)
LEISURE (37)
MOTORS (3)
NEWSPAPERS (2)
PAPER AND PRINTING (3)
PROPERTY (13)
SHOES (5)
SOUTH AFRICANS (1)
TEXTILES (11)
TOBACCOS (1)
TRUSTS (33)
OILS (3)
MINES (14)

NEW LOWS (3)

AMERICANS (2)
AMF SocCnv. '87
Richardson-Merrell
MOTORS (1)
York Trailer

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	160	—	173	—	—	—	907p
BP	800	110	—	130	—	144	—	"
BP	850	60	7	93	—	112	—	"
BP	900	31	18	58	—	82	—	"
BP	950	13	5	34	1	54	—	"
Com. Union	140	21	4	23	—	26	—	156p
Com. Union	160	4½	—	12	—	15	4	"
Com. Union	180	1	—	6	—	8½	—	"
Cons. Gold	160	33	—	36	25	42	5	187p
Cons. Gold	180	18	—	20	2	29	—	"
Cons. Gold	200	4½	5	11½	25	18	5	"
Courtaulds	100	24	—	24½	—	—	—	121p
Courtaulds	110	14	—	16½	—	20	—	"
Courtaulds	120	8	—	10½	—	14½	—	"
Courtaulds	130	3½	25	7	—	10½	5	"
GEC	220	117	—	122	—	—	—	333p
GEC	240	97	15	102	—	108	—	"
GEC	260	77	26	84	—	90	—	"
GEC	280	57	26	65	26	73	—	"
GEC	300	37	—	50	2	58	5	"
GEC	330	15½	28	30	12	39	—	"
Grand Met.	100	23	67	28½	20	31	—	121p
Grand Met.	110	14	25	19½	15	22½	10	"
Grand Met.	120	6	78	11½	77	15	3	"
ICI	330	85	50	90	4	95	5	420p
ICI	360	55	10	60	9	67	3	"
ICI	390	26	67	36	10	47	9	"
ICI	420	8	90	25	74	27	49	"
Land Secs.	180	66	5	70	—	74	—	245p
Land Secs.	200	47	—	51	—	56	—	"
Land Secs.	220	27	6	34	—	39	—	"
Land Secs.	240	11½	56	19	—	25½	—	"
Land Secs.	260	3½	30	10½	—	16½	—	"
Marks & Sp.	60	35	—	37	6	40	—	91p
Marks & Sp.	70	26	—	26½	—	30	—	"
Marks & Sp.	80	16	5	18½	79	21	4	"
Marks & Sp.	90	7½	6	11½	10	15½	31	"
Marks & Sp.	100	4	2	6	3	9½	16	"
Shell	500	90	—	102	13	115	—	593p
Shell	550	45	43	61	16	73	—	"
Shell	600	16½	51	30	13	43	—	"
Totals			750		442		154	

FOOD PRICE MOVEMENTS

	September 14 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,000	1,000	1,085
Ulster A.1 per ton‡	1,000	1,000	1,085
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.59/12.72
English per cwt†	75.59	75.59	74.11
Danish salted per cwt†	78.98/81.75	78.98/80.02	76.98/77.55
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	1,275	1,275
EGGS*			
Home-produce:			
Size 4	2.95/3.10	2.30/2.60	2.60/2.90
Size 2	3.65/4.20	3.00/3.40	3.60/3.90
	September 14 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	53.0/58.0
Eire forequarters	—	—	35.0/37.0
LAMB			
English	54.0/59.0	54.0/58.0	56.0/60.0
NZ PLs/PMs	54.5/55.0	53.0/53.5	53.5/54.5
PORK (all weights)	36.0/46.0	36.0/44.0	35.0/44.0
POULTRY—Broiler chickens	36.0/39.0	37.0/39.5	36.0/41.5

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery September 15-23.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23

For rate indications see end of Share Information Service

Calls were taken out in **May and Hassell, GEC, Burmah Oil, Tricentrol, Greencoat properties, F. W. Woolworth, Reo. Stakis, Duple International, Northern Engineering, ICI, Charterhall, British Land, Shell Transport, Sears, NatWest, UDT, Spillers, British Car Auctions, Plessey, Epicure, Cons. Plantations Warrants, Marling and Ward White**. Puts were done in **Hong** *Kong Land, Racal Electronics* and **Spillers**, while doubles were arranged in **Charterhall, Ward White and Town and City Properties**. A short-dated put was transacted in **Racal Electronics** and a call was done in **Staflex International**.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	19	420	+ 2	421	328
Shell Transport	25p	15	594	—	602	484
Burmah Oil	£1	14	79	− 3	89	42
BP	£1	11	910	+ 4	926	720
EMI	50p	11	163	+ 8	190	130
Northern Engng.	25p	11	137	+ 5	137	84
Bridon	25p	10	116	+ 9	120	90
De Beers Defd.	R0.05	10	480	—	488	285
GEC	25p	10	333	+ 2	333	233
Rank Organisatn.	25p	10	292	− 4	296	226
BATs Deferred	25p	9	283	+ 2	304	227
Barclays Bank	£1	9	368	+10	368	296
P. and O. Defd.	£1	9	97	+ 3	118	83½
Trust Hses. Forte	25p	9	244	+ 8	244	166
Distillers	50p	8	214	+ 2	215	163

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. P. ⊕ Amount	Times Covered	Gross Yield	P.E. Ratio
55	F.P.	31/8	86	71	Cartiers Superfoods	86	......	bd2.41	3.1	4.2	7.7
¶¶	F.P.	—	12¾	4	Rmtay	10½	......	—	—	—	—
85	F.P.	24.8	94	83	Hunting Petr. Services	92	......	4.65	3.0	7.7	6.5
115	F.P.	8/9	169	158	Jones (E.) (Jew'lrs) 10p	168	......	65.5	2.1	4.9	14.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
10p	—	13/10	15p	15p	Audiotronic 12% Conv. Prf.	14½p	......
£99¾	F.P.	—	100	99¼	Camden Var. Rate Red. 1983	99⅝	+ ⅛
£100	£50	15/12	51⅜	50¼	Do. 12½% Red. 1985	51¼	+ ¼
99p	nil	—	3½pm	2pm	Hill & Smith 14% 1st Deb. 2000-05	3½pm	......
£100	F.P.	8/12			Howard & Wyndham 18% Uns. Ln. 86-91	101	......
£99½	F.P.	—	99⅝	99⅛	Kensington and Chelsea Var. Rate. 1985	99¼	+ ⅛
**		3/11	80	76	Latham James 8% Cum. Pref.	80	+ ½
¶¶	F.P.	—	85	85	Mooloya 12% Partly Conv. Uns. Ln. '86-'88	85	......
£100	F.P.	—	99¾	91¼	Northampton Var. Rate Red. 1983	99¼	......
100p	F.P.	1/9	101p	99p	Pitmaid 10% Cum. Pref.	99½	......
£99¾	F.P.	—	99½	98½	Strathclyde Var. Rate 1985	98½	......
£99¾	F.P.	—	99⅞	99½	Wandsworth Variable 1983	99½	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p:	+ or −
66	Nil	19/9	27/10	7pm	4pm	Aaronson Bros.	6pm	......
285	Nil	22/9	27/10	55pm	42pm	B.T.R.	53pm	+ 1
$20	Nil	—	—	40	32	Bank of Montreal	34	− 1
390c	nil	—	—	25pm	24pm	Barlow Rand	25pm	......
50	F.P.	30/8	24/11	74	67	Blackwood Hodge	70	......
44	Nil	—	—	11½pm	7½pm	British Printing	11½pm	+ 1
118	Nil	21/9	3/11	22pm	15pm	Chubb	22pm	+ 5
FF110	Nil	—	—	20pm	20pm	Cie. Fr. Petroles	20pm	......
65	Nil	22/9	13/10	15pm	9pm	Dorada	15pm	+ 1
¶¶	65p	—	—	Nil pm	Nil pm	Globe and Phoenix	Nil pm	......
75	nil	—	—	10pm	7pm	Hill & Smith	7pm	− 1
74	Nil	25/9	27/10	14½pm	10pm	Initial Services	14½pm	+ 1½
10	Nil	—	—	2pm	1pm	††Kunick Hldgs.	1½pm	......
70	F.P.	10/8	21/9	96	79	Leech (Wm.)	93	......
77	F.P.	11/9	27/10	88½pm	63½pm	Lex Services	88½	+ ½
94	F.P.	31/8	4/10	111	104	Property Partnerships	110	......
40	nil	—	—	40pm	35pm	Ratners (Jewellers)	40pm	+ 1½
200	Nil	—	—	108pm	85pm	Rusardo Eng.	102pm	+ 8
100	F.P.	25/8	22/9	126	115	Williams J'n'sBs.9.5% CvCmRdPf	126	+ 1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1978. *Q* Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with *reorganisation* merger or take-over. |||| *Introduction*. □ *Issued* to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., Sept. 14, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed., Sept. 13 Index No.	Tues., Sept. 12 Index No.	Mon., Sept. 11 Index No.	Fri., Sept. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	256.28	+0.6	15.12	4.85	9.06	254.64	251.78	250.21	247.66	225
2	Building Materials (27)	226.00	+0.8	15.57	4.97	8.86	224.18	222.79	222.69	220.55	204
3	Contracting, Construction (28)	419.51	+0.5	16.60	3.75	8.75	417.46	414.34	414.70	410.21	353
4	*Electricals (14)*	573.08	+0.6	12.64	3.23	10.94	569.44	560.01	553.52	545.01	472
5	Engineering Contractors (14)	380.90	+2.0	16.90	5.60	7.99	373.46	362.66	358.99	356.70	328
6	Mechanical Engineering (72)	204.75	+0.4	16.10	5.31	8.29	203.92	202.61	201.48	199.90	183
8	Metals and Metal Forming (16)	180.39	+0.5	15.60	7.88	8.73	179.48	177.13	175.53	174.42	176
11	CONSUMER GOODS (DURABLE) (52)	226.17	−0.2	15.50	4.68	8.98	226.55	224.82	222.51	221.07	210
12	Lt. Electronics, Radio TV (15)	278.77	−0.5	13.51	3.67	10.35	280.21	277.51	272.99	271.42	252
13	Household Goods (12)	190.17	+1.9	15.84	5.96	8.70	186.67	185.99	183.44	182.56	185
14	Motors and Distributors (25)	135.09	—	18.69	6.06	7.42	135.15	134.44	134.49	133.42	130
21	CONSUMER GOODS (NON-DURABLE) (174)	228.23	+0.4	14.32	5.30	9.43	227.34	225.73	224.05	222.16	207
22	Breweries (14)	240.43	+0.7	14.44	5.83	9.53	238.79	238.52	238.42	235.93	217
23	Wines and Spirits (6)	301.24	+0.3	14.15	4.77	10.55	300.39	299.25	296.60	294.24	246
24	Entertainment, Catering (17)	281.53	+1.6	14.42	6.17	10.13	277.21	272.49	270.93	267.99	257
25	*Food Manufacturing (20)*	223.85	+0.2	16.86	4.97	7.87	223.35	222.57	219.85	219.33	207
26	Food Retailing (15)	237.92	+0.5	12.77	4.33	10.86	236.81	233.77	232.98	231.40	222
32	Newspapers, Publishing (13)	421.75	+2.3	9.57	3.07	14.92	412.12	406.56	403.01	398.74	345
33	Packaging and Paper (15)	155.65	+0.9	16.68	6.83	7.90	154.25	154.11	152.34	148.85	142
34	Stores (40)	217.95	−0.3	9.99	4.17	14.63	218.54	216.10	214.69	212.95	197
35	Textiles (25)	186.59	−0.1	17.60	7.43	7.40	186.71	185.42	184.76	182.56	181
36	Tobaccos (3)	259.41	+0.6	21.22	7.23	5.58	257.83	258.33	255.24	253.78	238
37	Toys and Games (6)	125.21	+1.0	18.10	5.10	6.46	123.96	121.08	120.55	119.41	114
41	OTHER GROUPS (98)	223.24	+0.5	13.92	5.38	9.27	222.18	220.69	219.23	217.23	213
42	Chemicals (19)	315.28	+0.7	14.44	5.99	9.03	313.15	310.54	309.68	307.02	293
43	Pharmaceutical Products (7)	291.13	+0.2	9.94	3.51	12.38	290.69	289.49	288.12	284.55	[illegible]
44	Office Equipment (6)	149.68	−0.7	16.23	5.08	7.34	150.75	149.36	148.33	146.84	141
45	Shipping (10)	453.78	+1.7	13.70	6.72	9.32	446.12	435.27	431.12	426.70	535
46	Miscellaneous (56)	236.56	+0.5	15.51	5.76	8.58	235.40	234.71	232.10	230.43	216
49	INDUSTRIAL GROUP (495)	241.43	+0.4	14.51	5.16	9.26	240.38	238.44	236.74	234.62	221
51	Oils (5)	520.59	+0.2	13.43	3.86	8.08	519.32	515.81	515.26	509.35	543
59	500 SHARE INDEX	265.03	+0.4	14.36	4.97	9.07	263.94	261.86	260.22	257.81	247
61	FINANCIAL GROUP (100)	177.77	+0.7	—	5.45	—	176.57	175.87	175.38	174.03	168
62	Banks (6)	200.93	+2.4	23.27	5.82	6.45	196.20	196.31	196.66	196.04	179
63	Discount Houses (10)	216.14	—	—	8.00	—	216.14	216.14	213.04	212.37	218
64	Hire Purchase (5)	165.35	+0.6	14.73	4.98	8.96	164.41	164.92	163.54	163.37	162
65	Insurance (Life) (10)	146.89	−1.9	—	6.20	—	149.66	148.50	146.61	145.21	137
66	Insurance (Composite) (7)	135.03	+0.3	—	6.47	—	134.60	133.13	132.20	130.35	139
67	*Insurance Brokers (10)*	354.48	—	13.33	4.51	10.73	354.48	357.08	361.76	359.06	372
68	Merchant Banks (14)	87.02	+0.4	—	5.56	—	86.67	86.25	85.94	85.73	83
69	Property (31)	266.83	+0.4	3.22	2.84	53.80	265.74	264.51	263.68	261.32	229
70	Miscellaneous (7)	116.71	+1.3	21.65	7.16	5.98	115.25	114.76	114.33	114.24	104
71	Investment Trusts (50)	237.77	+0.9	2.94	4.35	34.06	235.72	233.46	231.72	228.53	197
81	Mining Finance (4)	114.01	−0.7	15.48	6.24	7.87	114.78	115.20	113.50	110.91	105
91	Overseas Traders (19)	334.73	−0.5	14.90	6.68	8.41	336.31	336.98	335.55	337.68	297
99	ALL-SHARE INDEX (673)	242.30	+0.4	—	5.08	—	241.25	239.59	238.18	236.00	225

FIXED INTEREST PRICE INDICES

	British Government	Thur., Sept. 14	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.36	+0.18	—	6.70
2	5-15 years	116.00	+0.33	—	7.39
3	Over 15 years	122.19	+0.39	—	9.36
4	Irredeemables	128.60	+0.43	—	9.02
5	All stocks	113.92	+0.30	—	7.84

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thur., Sept. 14	Wed., Sept. 13	Year ago (approx.)
1	Low Coupons	5 years	8.79	8.83	[illegible]
2		15 years	10.79	10.85	[illegible]
3		25 years	11.48	11.54	[illegible]
4	Medium Coupons	5 years	11.51	11.56	[illegible]
5		15 years	12.01	12.07	[illegible]
6		25 years	12.02	12.08	[illegible]
7	High Coupons	5 years	11.44	11.49	[illegible]
8		15 years	12.53	12.58	[illegible]
9		25 years	12.74	12.78	[illegible]
10	Irredeemables		11.49	11.54	[illegible]

		Thur., Sept. 14 Index No.	Thur., Sept. 14 Yield %	Wed., Sept. 13	Tues., Sept. 12	Mon., Sept. 11	Friday Sept. 8	Thurs., Sept. 7	Wed., Sept. 6	Tues., Sept. 5	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.57	†12.89	57.92	57.86	57.81	57.81	57.81	57.84	57.84	[illegible]
16	Investment Trust Prefs. (15)	51.18	13.70	51.38	51.38	51.38	51.38	51.38	51.38	51.38	[illegible]
17	Coml. and Indl. Prefs. (20)	71.20	12.89	70.97	70.94	70.85	70.74	70.74	70.66	70.66	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon St., London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	37.3	39.7	+0.3	3.94
Abbey Income	44.3	47.1	+0.4	5.48
Abbey Inv. Tst. Fd.	39.8	42.3	+0.5	4.00
Abbey Gen. Tst.	50.4	53.6	+0.6	3.87
Equitas Prog. Tst.	73.9	78.0	+0.6	3.65

Allied Hambro Group♥ (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	72.4	77.4	+0.5	5.23
Brit. Inds. Fund	70.3	74.9	+0.7	4.99

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	56.8	60.6		1.18
Capital Tst.	142.0	151.0	+6.6	3.21
Income Tst.	120.4	128.6	+4.8	6.03
Inc. Growth Fd.	133.0	141.4	+6.2	1.96
Do. Accum.	137.2	145.8	+6.4	1.96

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	48.6	51.9	+0.6	3.69
Do. Accum.	62.7	67.0	+0.7	3.69

G.T. Unit Managers Ltd.♥

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Sept. 4	37.5	39.5		5.45
Exempt August 31	100.7	104.7		5.33

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333

MLA Units	48.8	51.3		3.51

Murray Johnstone U.T. Mgnt.♥(a)
163 Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	84.2	89.7	+1.6	2.05

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	96.3	103.2	-0.1	2.82
High Income	128.4	137.6	+0.9	6.81

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	141.0	150.0	+1.5	3.94

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	115.8	120.7		4.78
Quadrant Income	133.6	137.8		7.66

Save & Prosper continued
Scotbits Securities Ltd.♥

Scotbits	41.6	44.7	+0.2	3.80
Scotyield	57.0	61.2	+0.6	6.56
Scotshares	62.6	67.3	+0.4	4.27
Scot. Ex. Gth.*	276.6	289.7		3.96
Scot. Ex. Yld.*	174.3	182.6		7.04

*Prices at September 12. Next sub. day Sept. 27.

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking. (0306) 86441

Am. Exempt	24.7	26.0	-0.1	2.73
Am. Growth	30.9	33.2	-0.2	2.08
Exempt High Yld.	28.8	30.3	+0.3	7.07
Exempt Mkt. Ldrs.	28.9	30.4	+0.3	3.77

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin 3. 031-229 8621/2

Target Amer. Eagle	30.9	33.2		1.57
Target Thistle	44.6	48.0	+0.7	5.36
Extra Income Fd.	61.1	65.7	+0.3	9.82

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Sept. 1	50.7	55.1		5.32

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

Barbican Sept. 14	82.2	87.3	+3.2	5.12

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	72.6	76.4		3.84

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	74.9	78.8	+0.6	3.72

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	26.6	28.6		2.02
Accum. Units	30.9	33.9		2.02
J. Finlay Income	36.8	39.2		7.64
J. Finlay Euro.Fin.	28.8	31.3		3.71
Accum. Units	33.7	36.4		3.71
J. Finlay Fd. In. Tst.	30.2	32.7		3.89
Accum. Units	34.6	37.6		3.89

Prices September 13. Next dealing September 20.

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB.

Merc. Gen. Sept. 13	202.2	215.1		3.98
Acc. Uts. Sept. 13	267.7	284.8		3.98
Merc. Int. Sept. 13	72.3	76.9		2.31
Acc. Uts. Sept. 6	78.0	83.0		2.31
Merc. Ext. Aug. 24	233.7	243.4		4.32
Accm. Uts. July 24	283.8	295.6		4.32

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	76.7	82.0	+0.2	4.66
Do. Accum.	87.9	94.6	+0.3	4.66
Growth	40.2	43.0	+0.1	2.63
Do. Accum.	43.1	46.1	+0.1	2.63
Capital	30.7	32.6	+0.1	2.85
Do. Accum.	33.3	35.6	+0.2	2.85
Income	56.5	60.4	+0.2	5.95
Do. Accum.	65.9	70.5	+0.3	5.95
International	50.5	54.6	-0.2	2.10
Do. Accum.	53.9	58.1	-0.2	2.10
High Yield	68.1	72.5	+0.5	7.43
Do. Accum.	72.2	76.8	+0.5	7.43
Equity Exempt*	108.1	114.1		5.49
Do. Accum.*	108.1	114.1		5.49

*Prices at Aug. 31. Next dealing Sept. 29.

CORAL INDEX: Close 532-537

INSURANCE BASE RATES

†Property Growth 10¼%

†Vanbrugh Guaranteed 9.37%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.

Alexander Fund	SUS7.95			—

Net asset value September 13.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg. Fd.	10.00	10.02		12.15

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	113.0	122.0		4.03

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr1,239	1,325		—
Bondselex	Fr11,800	12,10		—
Keyselex Int'l	£7.28			—
Keyselex Europe	£3.63		-0.03	—
Keyselex Japan	£16.32			—
Cent. Assets Cap.	£136.54		-0.04	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	197.0	209.0		—

As at August 31. Next sub. day Sept. 29.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$375.52		1.90
Jardine J'pn. Fd.*	HK$390.07		0.90
Jardine S.E.A.	$US21.32		1.40
Jardine Flem. Int.	HK$12.42		—
Intl. Pac. Secs. (Inc.)	HK$15.01		—
Do. (Accum.)	HK$15.16		—

NAV Aug. 31. *Equivalent $US82.64. Next sub. Sept. 15.

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Aug. 31	$US13.33	13.60		—
CMT Ltd. Aug. 31	£13.82	14.18		—
Metals Tst. Aug. 17	£12.22	12.52		—
TMT August 11	$US11.38	11.59		—
TMT Ltd. Aug. 11	£11.40	11.69		—

World Wide Growth Management φ
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US17.21	-0.02	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Y'ng. 4½pc	411	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	£6.90
51	46	Do 6pc 28 Stab. Ass.	50	......	6	£6.04
44	40	Do 4pc Mixed Ass.	42	......	4	£5.05

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	50	......	4½	5.59
77	65	Iceland 6½pc '83-88	68	......	—	12.50
88	82½	Ireland 7½pc '81-83	83¼	......	7½	12.59
91	79	Do 9¾pc '91-96	80¼xd	......	9¾	11.83
425	265	Japan 4pc '10 Ass.	390	......	—	—
87	68½	Do 6pc '83-88	72	......	6	10.70
160	140	Peru Ass. 3pc	140	......	3	2.17
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
99c	94½c	Turin 9pc 1991	94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	8.80
97	94	Uruguay 3½pc	97	......	3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 47¾% (based on US$1.9640 per £)

Conversion factor 0.6788 (0.6821)

CANADIANS

S.E. List Premium 47¾% (based on $2.2676 per £)

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
210	155	Falcon Rh.50c	173	-3	Q60c	ϕ	23.3
24	15	Rhod'n Corp. 16½p	17		0.57	7.1	5.0
80	52	Roan Cons. K4	70	+5	—	—	—
41	32	Wankie Col. Rh.1	35		†Q7½c	1.4	18.3
17½	10	Zam.Cpr.SBD0.24	15½		—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	10	Acmex 25c	13	+1	—	—	—
140	64	Bougainville 50Toea	139	+5	†Q8c	1.4	3.6
127	63	BH South 50c	127	+2	—	—	—
820	150	Central Pacific	600	+40	—	—	—
336	148	Conzinc Riotinto 50c	324		‡Q10c	2.2	‡
27	9½	Endeavour 20c	25		—	—	—
72	45	G.M. Kalgoorlie $1	58	+2	—	—	—
68	18	Haoma Gold N.L.	60	+2	—	—	—
140	81	Hamptn Areas 5p	130		t3.55	2.0	4.1
40	10	Metals Ex. 50c	38½	+3½	—	—	—
223	125	M I M Hldgs. 50c	206	+1	Q9c	1.7	2.7
39	10	Mount Lyell 25c	32		—	—	—
6½	1½	Newmetal 10c	5		—	—	—
143	79	North B. Hill 50c	126	-1	Q8c	ϕ	4.0
26½	8½	Nth. Kalgurli	15		—	—	—
50	12	Nth. West Mining	47	+5	—	—	—
178	117	Oakbridge $A1	158		†Q11c	1.9	4.4
70	30	Pacific Copper	62	+2	—	—	—
£15½	750	Pancont 125c	£12	-⅛	—	—	—
40	12	Paringa M&Ex.5p	29		—	—	—
570	310	Peko-Wallsend 50c	546	-2	Q15c	ϕ	1.7
300	50	Southern Pacific	225	+5	—	—	—
164	64	Westn. Mining 50c	164xd	+1	Q3c	ϕ	‡
70	35	Whim Creek 20c	55		—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27		2.82	ϕ	16.9
420	240	Ayer Hitam $M1	385	-5	‡Q6.7c	0.9	‡
60	45	Beralt Tin	53	-2	3.81	4.4	11.2
305	200	Berjuntai $M1	275	-5	Q110c	ϕ	8.6
155	111	Geevor	150	-5	5.04	5.8	5.0
10½	8½	Gold & Base 12½p	10		—	—	—
325	220	Gopeng Cons.	325		15.23	0.9	7.1
220	130	Hongkong	220		—	—	—
95	78	Idris 10p	90		‡12.0	1.6	‡
11	8	Jantar 12½p	8		—	—	—
84	68	Kamunting $M0.50	80xd		Q12½c	2.1	3.4
640	450	Killinghall	640		Q125	ϕ	20.2
470	280	Malay Dredging $M1	450	-5	†Q95c	0.8	4.5
78	40	ΔPahang	74	-4	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	76		6.60	1.3	13.0
270	165	Petaling $M1	270		†Q80c	1.6	6.8
64	49	Saint Piran	63xd		2.03	ϕ	4.8
61	47	South Crofty 10p	60		4.19	2.0	10.4
245	140	South Kinta $M0.50	225xd		Q70c	ϕ	6.7
340	230	Sthn. Malayan $M1	330		‡Q131.3c	1.1	8.6
240	134	Sungei Besi $M1	225		Q65c	ϕ	6.2
85	55	Supreme Corp. $M1	70		ZQ10c	—	3.1
100	85	Tanjong 15p	90		6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90		‡Q56.82c	1.6	‡
270	148	Tronoh $M1	255		ZQ88c	1.6	7.4

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	70	Messina R0.50	81	+3	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	68	+8	—	—	—
17	9	Burma Mines 17½p	13		—	—	—
300	215	Cons. Murch. 10c	260	+10	‡Q30c	2.6	‡
465	245	Northgate C$1	375	+15	—	—	—
258	164	R.T.Z.	256	-1	9.5	2.8	5.5
90	30	Sabina Inds. C$1	48		—	—	—
£12	750	Tara Expln. $1	850	+44	—	—	—
73	43	Tehidy Minerals 10p	73		ϕ1.35	ϕ	2.8
185	120	Yukon Cons. C$1	155		Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✢ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	
Ash Spinning	48	
Bertam	20	
Bdg'wtr. Est. 50p	308xd	
Clover Croft	26	
Craig & Rose £1	520	
Dyson (R. A.) A	39	
Ellis & McHdy	64	
Evered	29	
Fife Forge	52xd	
Finlay Pkg. 5p	21	
Graig Ship £1	125	
Higsons Brew	77	
I.O.M. Stm. £1	152	
Holt (Jos.) 25p	260	
N'thn Goldsmith	70	
Pearce (C. H.)	190	
Peel Mills	20	
Sheffield Brick	44	
Sheff. Refrshmt.	63	
Sindall (Wm.)	105	

IRISH

Conv. 9% '80/82	£92	+¼
Alliance Gas	62	
Arnott	370	
Carroll (P.J.)	105	
Clondalkin	88xd	-2
Concrete Prods.	145xd	+5
Heiton (Hldgs.)	45	
Ins. Corp.	175	
Irish Ropes	130	
Jacob	63	
Sunbeam	32xd	
T.M.G.	176	-4
Unidare	110	

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
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P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3½
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼
Oils	
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday September 15 1978

National Bus chief leaves to head NRDC

By Ian Hargreaves, Transport Correspondent

SIR FREDERICK WOOD is relinquishing his chairmanship of the National Bus Company one year early to become chairman of the National Research Development Corporation.

His place at National Bus will be taken by Lord Shepherd, who was leader of the House of Lords during the final two years of the Wilson Administration between 1974 and 1976.

Sir Frederick, who has also *been chairman of the chemicals* group Croda International since 1960, will take over from Lord Schon at the research corporation next March. He is already an NRDC member.

At 52, Sir Frederick has had an outstanding career with Croda, whose turnover has multiplied almost 10-fold in the last decade, although profits fell last year with the chemical industry recession.

His financial record over six years at National Bus has also been good. Although passenger business has slumped by 20 per cent in the period, the company recovered from the heavy deficits *of 1974-75* to record a *£9.6m* surplus last year.

Lord Shepherd also brings to National Bus experience of industry through his deputy chairmanship of the Sterling group, *although he is principally known* for his political career and as chairman of bodies such as the Civil Service Pay Research Unit, the Medical Research Council and the Packaging Council.

The motive of Mr. William Rodgers, Transport Secretary, in choosing a mainly political figure to lead National Bus reflects a belief that the company, which runs more than 30 regional bus *operations, requires greater skill* in managing its complex and recently troubled relations with the county councils. Some authorities' refusal to meet National Bus's subsidy requests *has been a major problem in* recent years.

Mr. Rodgers has also felt that, in terms of political influence, the bus industry has failed to match the railways lobby, *occasionally to the detriment of* achieving a balanced public transport policy.

Lord Shepherd, 59, will become a part-time member of National Bus in October, before taking up *his appointment as chairman.*

MPs support debt relief, Page 9
Croda results, Page 25

Crown Agents to relinquish role as clients' 'bankers'

BY MARGARET REID

THE CROWN AGENTS are about to change the basis on which they handle the investment of some £700m of short-term funds in London for overseas governments. In future, they will act on an agency basis in placing this cash, which therefore will remain owing directly to the overseas client.

Until now, the Crown Agents have received this money from *Governments and other bodies in* the Middle East, Far East and elsewhere as deposits and have then placed it, short-term, in the London money markets.

Now, the Agents are to give up this banker-type role and revert to acting simply as an agent in placing deposits for overseas clients, just as in making long-term investments on their behalf.

The effect of this is that any risk of loss, however remote, will remain with the client, just as it does for long-term investments—instead of lying with the Agents.

The planned changeover is believed to be favoured by the Treasury. It will take place against the background of a complete reform and transformation of the Crown Agents' administra*tion under Sir John Cuckney, the* present chairman, and Mr. Sidney Eburne, now managing director, who will succeed him in the chair on October 1.

The way has been prepared for the changeover by a major overhaul in the Agents' system for handling its money market business since the heavy losses—about to be investigated by the Croom-Johnson Tribunal—incurred in secondary banking and property in the earlier 1970s.

Nowadays the Agents place deposits only with prime banks and subject to certain limits. A credit committee with outside participants from a leading merchant bank and firm of City accountants advises on the arrangements, which appear comparable to those of certain large international companies with big liquid funds to deploy.

Confirming the impending changeover of the arrangements, Mr. Eburne, formerly a director of Morgan Grenfell, said: "We *are getting back to our traditional service*, which is acting as an agent."

The largest overseas client governments concerned are believed to have agreed to the *altered system, while* others are still being consulted. The plan is that as existing deposits fall due they will be replaced on the new basis.

All the money concerned is short-term. The Crown Agents' last accounts show that, of £768m deposits held by them from their clients at the end of 1977, £411m was money due at call or within one month and practically all the rest was due to mature within one and 12 months.

The Agents' present strict arangements on placing of funds in the money markets are clearly *considered ample assurance for* the safety of the new system, in which clients will retain ownership of the deposits and no longer have recourse to the Agents in the remote event of loss.

Assurances from the British Government that it stands behind the Agents remain unaltered.

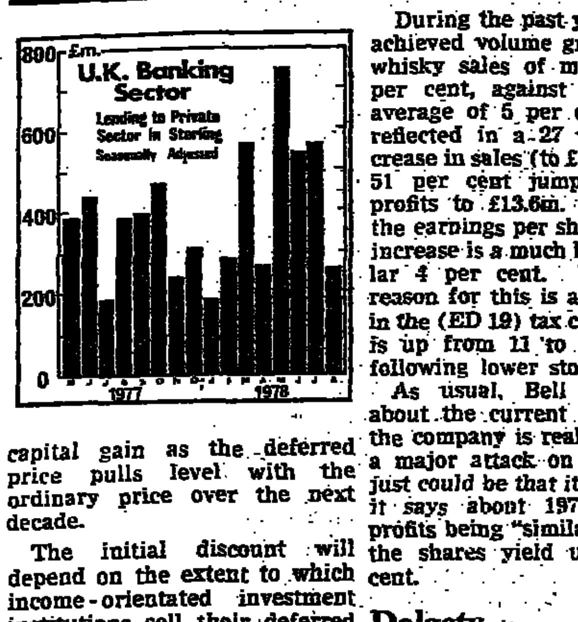
The Crown Agents' continuing purchasing and investment business has not been affected by the much-publicistd disastrous excursion into secondary banking and property, which involved £230m losses.

About £1.8bn of funds was under the Agents' financial management altogether — short-term and long-term — at the end of 1977. During that year, goods shipped overseas by the Agents' purchasing departments amounted to £184m, compared with only £90m in 1974, and business has continued at much the same level in 1978.

THE LEX COLUMN

Reactions in the gilt market

Index rose 1.2 to 535.5



After last week's great IBELs vanishing act, the gilt-edged market was expecting some *pretty good money supply* figures—and the 1 per cent drop in sterling M3 was well up to expectations. Gilt-edged prices were around £¾ better and helped by the announcement of the encouraging July trade figures, the Government Broker was able to reactivate both his tap stocks.

The first point about the *figures is a technical one.* The statistics confirm that the surprisingly sharp fall in the banks' eligible liabilities last month was mainly due to complicated transactions with the discount market. The second point is that while the figures are good—with sterling M3 growing at an annualised rate of just 3½ per cent in the first *four months—there are* a number of caveats.

The public sector contribution to domestic credit expansion was strongly negative but this was partly due to the modest central Government borrowing requirement. More important is the question of the underlying trend of bank lending which on the face of it shows a reasonable slowdown. However, the figures are distorted by movements in the Bank of England's holding of commercial bills, which deflated the overall lending figure, and the £538m rise in bank acceptances indicates that borrowers are turning elsewhere for funds. On balance the gilt-edged market should react positively to the figures but with well over £1bn of tap stocks overhanging the market there are going to be no fireworks.

Croda issue

The directors of Croda do not get much joy from their Croda dividends after the Revenue has taken its slice. They have moreover, watched the proportion of their company held by individuals fall from 32 per cent to 22 per cent over the last three years. So they have now resolved to make a one-for-ten capitalisation issue of deferred shares which will receive no dividend until 1988. Shareholders who simply add these to their portfolio should, in theory, perceive no difference in the value or yield of their Croda holding. But those in a high tax bracket could shift into dividendless shares. Their reward would be capital gain as the deferred price pulls level with the ordinary price over the next decade.

The initial discount will depend on the extent to which income-orientated investment institutions sell their deferred shares. In theory the discount should equal the discounted value of the next 10 years' dividends—whatever that may be. Croda hints vaguely that, were *it not for dividend restraint*, it would have paid a dividend last year of 3.2p net instead of 2.2p. Working on that basis a 50 per cent discount on last night's share price of 66p would seem logical.

Meanwhile, Croda announced better results for its first half than had been expected. The pre-tax figure was about £7.1m after subtracting the contribution of the recently-acquired Kimpton Bros. and a nice profit on the sale of shares in Dalgety. This was down from £7.6m in the first half of last year, but well up on the poor second half figure of £5.3m. With both margins and sales picking up, a pretax profit of over £15m looks *possible for the year, against* £13m in 1977.

Arthur Bell

Arthur Bell has consistently gained market share in the UK whisky trade in recent years. Six months ago it was talking of holding a 21 per cent share; yesterday the figure was said to be in excess of 24 per cent. The withdrawal of Johnny Walker Red Label, and Distillers' other EEC problems, have been a large factor in Bell's good progress of late. The question is whether Bell—which now has as big a share of the UK market as Distillers—can keep up pace. Significantly, the com[...] itself is already looking tow[...] the U.S. for future growth[...]

During the past year Be[...] achieved volume growth i[...] whisky sales of more tha[...] per cent, against an ind[...] average of 5 per cent. T[...] reflected in a 27 per ce[...] crease in sales (to £153m), 51 per cent jump in p[...] profits to £13.6m. Howeve[...] the earnings per share lev[...] increase is a much less spe[...] lar 4 per cent. Part o[...] reason for this is a sharp [...] in the (ED 19) tax charge, [...] is up from 11 to 28 per [...] following lower stock reli[...]

As usual, Bell is ca[...] about the current year. I[...] the company is really mou[...] a major attack on the U[...] just could be that it mean[...] it says about 1978-79 [...] profits being "similar." At [...] the shares yield under [...] cent.

Dalgety

Three years ago, Dalg[...] rather sleepy pastoral co[...] —finally woke up to th[...] that it was in the wrong bu[...] and has been trying to g[...] of it ever since. Unfortu[...] it has had to rely on its [...] holders to help it. Yester[...] announced its second [...] issue in 18 months—to [...] £17.7m—which means t[...] less than two years the co[...] has increased the numb[...] ordinary shares in iss[...] around four-fifths.

Over the past year D[...] has been on a whi[...] *acquisition spree* — sp[...] £22m on seven new busine[...] and has spent another 1[...] on "new income producir[...] cost saving operations." [...] the rights issue under it [...] it plans to continue sp[...] out on new projects in w[...] fashionably described as [...] business" which means [...] thing from frozen vegeta[...] tractor spares.

So far it seems to hav[...] reasonably successful [...] vamping its Australian bu[...] and the 43 per cent r[...] pre-tax profits to £24.4m f[...] year to June is above e[...] tions. Helped by an [...] £4m from acquisitions an[...] elimination in Australi[...] group should be headin[...] £30m in the current year. [...] has yet to be seen is w[...] Dalgety can justify having [...] its shareholders to chan[...] face of its busines.

Smith attacks Nkomo in settlement wrangle

BY QUENTIN PEEL

SALISBURY, Sept. 14.

MR. IAN Smith, the Rhodesian Prime Minister, said today that he would be prepared to consider a return to legality in the rebel colony if he was persuaded that *such a move would help the* country to a peaceful settlement.

Otherwise, he said, he pinned all his hopes for a solution on the intervention of Britain and the U.S. on the side of his *internal settlement.*

He also launched an attack on Mr. Joshua Nkomo, calling him a "monster."

In response to a question at a news conference, he insisted that he had never considered renouncing the unilateral declaration of independence he made in 1965 but that he would consider this "if it is something which people seriously think is a starter."

Mr. Smith appeared to rule out any immediate further effort to include Mr. Joshua Nkomo, co-leader of the guerrilla Patriotic Front, in a settlement, branding him as a "monster of no mean proportions." Mr. Smith held secret talks with Mr. Nkomo in Zambia last month.

At the same time, the Prime Minister *admitted the short*comings of his internal settlement agreement with Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Jeremiah Chirau in failing to effect a ceasefire in the guerrilla war.

He agreed that the deadline of December 31 for majority rule laid down in his "internal" *agreement of March 3 might have* to be abandoned because of the practical difficulties in organising one-man one-vote elections by then. This would not, he maintained, affect the principle of the *handover to majority rule.*

Mr. Smith's news conference was held in the wake of his announcement last Sunday that martial law is to be selectively introduced in response to the shooting down of an Air Rhodesia Viscount with the loss of 48 lives. The Prime Minister declined to elaborate on the specific action being taken.

Revealing his lack of real alternatives either for winning the war or for effecting a ceasefire, he said that a general mobilisation of the population was ruled out because of its effect on the economy.

"The Ministry of Finance have assured me that if we had a general mobilisation which took large numbers of people out of the economy, this would drive the economy into the ground in a couple of months," he said.

On the military front, he said the security forces were already fully geared up, and could not fight any harder.

Of Mr. Nkomo, he said: "I sincerely hope that I don't have to have any truck with the gentleman concerned. He has put himself out of court."

He was, however, remarkably open-minded on the question of renunciation of Rhodesia's unilateral declaration of independence. "I will have to look at any suggestion or idea, and if I am satisfied on the analyses that it is going to help my country, then I will be prepared to recommend it," he said. "If it was a practical proposition it would have to be a two-way trade."

Mr. Smith's conference followed the publication of an outspoken statement by one of his partners in the internal settlement, Bishop Muzorewa's United African National Council, strongly attacking his talks with Mr. Nkomo.

The statement suggested that an alliance between the Bishop and Mr. Robert Mugabe, Mr. Nkomo's co-leader of the Patriotic Front, could follow any secret deal between Smith and Nkomo.

However, the Rhodesian Premier denied suggestions that he had offered Mr. Nkomo permanent chairmanship of the transitional government if he returned to Salisbury.

Cabinet drafts survival plan

By Richard Evans, Lobby Editor

THE CABINET, meeting for the first time since Mr. James Callaghan announced his decision to postpone a general election, yesterday drafted its plans to ensure the Government's survival well into next year.

A key decision was to hold the referenda *on devolution of* power to Scotland and Wales after mid-February to benefit from the new electoral roll.

This will also mean that the 11 Scottish Nationalists and three Plaid Cymru MPs will have every incentive for maintaining the Government in office until the referenda are completed.

The date for the referenda *is to be announced immediately* the new session opens in early November.

Ministers must decide how to squeeze in the referendum campaigns, elections to the *assemblies, local* elections throughout England and Wales, and direct elections to the European Parliament, while leaving time for a general election to be called at a favourable moment.

Ministers accepted yesterday that there is no prospect of introducing controversial legisla*tion with the Government in a* minority of nine, and the Queen's Speech will be drafted with a view to the Government continuing in office until next autumn if necessary.

The last possible date for an election is October next year.

Several measures are already in the Whitehall pipeline, including a Merchant Shipping Bill, major housing legislation, and a Bill on worker participation.

Redevelopment plan launched for South Bank

By John Brennan, Property Correspondent

A £160m redevelopment plan for London's South Bank area was unveiled yesterday by Heron Corporation and Commercial Properties.

The companies have submitted planning applications to build between them 1.2m sq ft of offices, a 600-bedroom hotel and more than 400 houses and flats on a 16-acre site by the National Theatre, between Waterloo and Blackfriars Bridges. The ten-year scheme could have an eventual capital value of more than £250m.

The development plan, which was outlined to the Greater London Counicl last year is by far the most expensive scheme of its kind to be launced in this country. It has already been accepted in principle by the Department of the Environment.

The proposals art also in line with the GLC's objectives for mixed development in the area. But they conflict with the London Borough of Lambeth's ideas for council housing on the land, and the cuncil's opposition could prevent work starting on *the scheme for several years.*

The Property Market, Page 14

Aluminium companies may face EEC anti-cartel case

BY ROY HODSON AND GILES MERRITT

AN ANTI-CARTEL case against more than 30 aluminium companies in Western nations and the East bloc is in the final stages of preparation by the European Commission in Brussels.

If the commission decides to act upon evidence collected by M. Raymond Vouel, of Luxembourg, the Competition Commissioner, the outcome could be a confrontation between the world aluminium industry and the EEC.

The major international aluminium companies have been co-operating with the EEC over the commission's inquiries into arrangements between companies, and in particular, between the Western companies and Comecon producers, to supply metal to each other.

A number of the companies are surprised that what they took to be a low-key investigation into trading arrangements, which were ended more than two years ago, *should now threaten* to become a major anti-cartel dispute.

Last night, Alcan UK and British Aluminium each said no comment was possible as they had not received any formal statement from Brussels.

The scale of the aluminium industry's internal arrangements, which have prompted action by the EEC competition department, is not likely to emerge until the Commission publishes a formal statement of objections. That would be the first step in proceedings against the companies under Article 85 of the Treaty of Rome. The article bans agreements which may affect trade between Community member states.

The whole process is likely to be lengthy. It was suggested in Brussels last night that there might be more than a year's delay between the *EEC's formal* objections and a decision on the matter.

Until 1975, the western producers were buying quantities of so-called "Russian metal" *under a series of agreements.*

By tradition, the big international western producers trade between themselves substantial quantities of aluminium to balance output to market needs in various parts of the world. The "Russian metal" came from *four Comecon producers*, Russia, Poland, Hungary, and Czechoslovakia, and was apportioned among the western producers.

The EEC competition department started to investigate the arrangement in 1975. Many of the international aluminium companies provided evidence on request, mostly in the form of replies to questionnaires.

The purchase arrangements for "Russian metal" between the western companies and Comecon were ended in 1976, soon after the investigation started. The commission later refused a request by the industry to give up the inquiry.

The question worrying the aluminium companies is whether the commission will confine a statement of objections to the defunct "Russian metal" arrangements, *or whether it will* choose to examine the wider inter-trading arrangements

Continued from Page 1

BL profit

Monday will show we are cutting investment there drastically."

In future, investment at the BL plants would be tailored to fit the cash flow and profits each one generated. "*If we haven't* the cash in a particular location we are going to take drastic action to cut back the investment. After all, where will we get the money from? No government is going to give us money to fulfil a plan if we fail to deliver our part."

Mr. Edwardes also said yesterday that a special case could not be made for the 32 striking toolmakers at BL's SU Fuel Systems plant. The rebels are believed to have voted last night to continue their six-week unofficial stoppage.

Mr. Edwardes insisted in his television interview that he was not demoralised by recent events. The senior managers he dealt with believed that the last six months had proved attitudes within the group could be changed.

"We *have a much clearer* product strategy than this company has had for 20 years." He said that to suggest the whole of BL could be closed down was "totally unrealistic. . . . A lot of our business is very profitable."

BL's sales increased by 18 per cent from £1.325bn to £1.563bn in the first half of the year compared with the same months of last year. The pre-tax profit was reached after depreciation of *£36.3m (£33.8m)* and interest payments of £30.4m (£28.8m) of which about half was paid on borrowings from the Government. Profit after tax and payment to minority interests was *£8m against £4.6m. Vehicle unit* sales rose from 412,000 to 420,000.

Company manpower, at 188,200 on July 1 was 5,700 below the 1977 year-end figure and on target for the 12,000 reduction *planned for this year.*

Weather

UK TODAY

DRY with sunny intervals. Some rain in the north.

London, S.E., Cent. S. England, E. Anglia, E. and W. Midlands
Mostly dry, sunny periods. Max. 20C (68F).

Channel Is., S.W. England, S. Wales
Mostly dry, cloudy. Max. 18C

E., N.E., N.W., Cent. N. England, N. Wales, Lakes, Is. of Man, Borders, S.W. Scotland, N. Ireland
Cloudy, rain at times. Max 17C

Edinburgh, Dundee, Glasgow
Cloudy, occasional rain. Max 17C (63F).

Cent. Highlands, Argyll, N.W. Scotland.
Mostly cloudy, squally showers. Max. 14C (57F).

Aberdeen, Moray Firth, N.E. Scotland
Mostly cloudy, squally. Max. 16C (61F).

Orkney, Shetland
Mostly cloudy, squally showers. Max. 12C (54F).

Outlook: Dry and warm. Changeable in the north.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	F	14	57	Madrid	F	17	63
Athens	F	24	75	Manchstr.	F	15	59
Bahrain	S	35	95	Melbourne	R	11	52
Barcelona	C	25	77	Milan	S	22	72
Beirut	S	32	90	Montreal	S	14	58
Belfast	C	13	55	Moscow	C	14	57
Belgrade	F	19	66	Munich	F	21	70
Birmghm.	C	17	63	Newcastle	C	14	57
Bristol	F	16	61	New York	S	18	65
Brussels	F	18	64	Oslo	S	14	57
Budapest	S	19	66	Paris	F	23	73
B. Aires	S	18	64	Perth	S	20	68
Cairo	S	35	96	Prague	S	21	70
Cardiff	F	16	61	Reykjavik	C	9	48
Chicago	C	22	72	Rio de J'o	C	24	75
Cologne	R	15	64	Rome	S	26	79
Copnhagn.	R	15	59	Singapore	S	29	85
Dublin	C	15	59	Stockholm	R	12	54
Edinburgh	F	14	57	Strasbrg.	S	22	72
Frankfurt	C	18	64	Sydney	C	13	55
Geneva	S	22	72	Tehran	S	32	90
Glasgow	C	22	72	Tel Aviv	S	27	81
Helsinki	C	11	52	Tokyo	R	20	68
H. Kong	S	30	87	Toronto	C	16	61
Jo'burg	C	15	59	Vienna	S	20	68
Lisbon	S	24	75	Warsaw	C	16	61
London	F	17	63	Zurich	F	20	68
Luxmbrg.	S	21	70				

HOLIDAY RESORTS

Ajaccio	S	24	75	Jersey	F	17	63
Algiers	S	27	81	Las Plms.	C	24	75
Biarritz	F	22	72	Locarno	S	21	70
Blackpool	C	14	57	Majorca	R	26	79
Bordeaux	S	24	75	Malaga	S	27	81
Boulogne	C	15	59	Malta	S	24	75
Casblnca.	F	24	75	Nairobi	R	18	64
Cape Tn.	S	19	66	Naples	S	23	73
Corfu	C	23	73	Nice	S	23	73
Dubrovnik	S	24	75	Oporto	S	23	73
Faro	C	26	79	Rhodes	F	27	81
Funchal	S	25	77	Salzburg	S	23	73
Gibraltar	F	24	75	Tangier	S	32	90
Guernsey	C	17	63	Tenerife	S	25	77
Innsbruck	S	21	70	Tunis	F	26	79
Inverness	F	13	55	Valencia	F	27	81
I. of Man	C	13	55	Venice	S	20	68
Istanbul	C	21	70				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Clyde yard leads unemployment battle

BY OUR OWN CORRESPONDENT

GLASGOW, Sept. 14.

THE LABOUR movement in Scot*land has been urged to rally* behind the 1,200 workers at Marathon's Clydebank oil rig yard in a campaign against rising unemployment in general and the threatened closure of the yard in particular.

In an attempt to arouse the same pressures that encouraged the Upper Clyde Shipbuilders work-in on Clydeside seven years ago, the Marathon stewards yesterday said that they would be *willing to act as a* "catalyst" for such a campaign.

Mr. Jimmy Reid, convenor of the Amalgamated Union of Engineering Workers stewards at the yard, and a leader of the UCS work-in, said that the workforce had agreed to tear up the redundancy notices issued last Monday.

"We will be here in 90 days. We will be here next year, and the workers are with us to a man on that," he told an emotive *Press conference.*

But Mr. Reid indicated that this time there would be no work-in or sit-in. "Different situations require different methods," he added.

Mr. Reid launched a strong attack on the Scottish Office for ignoring a strategy for the future drawn up by the Marathon stewards, and, therefore, precipitating the yard's second crisis in two years. He suggested that there had been an implicit agreement with the Government that the yard would be saved from redundancies, which could only harm negotiations to secure orders.

A conference on unemployment being convened in Glasgow later this month by the Scottish TUC is likely to provide the launching-pad for the Marathon Stewards' campaign.

Mr. Reid, prospective Parliamentary Labour candidate for Dundee East, said they would be in touch with shop stewards throughout the west of Scotland, including the Upper Clyde, to ask "if it is not time we got off our knees and started tackling the present level of unemployment."

Dr. Dickson Mabon, the Energy Minister, said later that the Government had asked the yard's parent, Marathon Manufacturing Company of Houston, Texas, whether it could transfer part of its existing order book to Clydebank.

"It is quite indefensible that when the company internationally is in trouble we help the British sector, but when the company internationally is doing well, they do not help Clydebank. Let's have some *quid pro quo* here."

Dr. Mabon, speaking after talks on *oil-related employment* with the STUC's economic committee denied that there had been any implicit understanding that the yard would be bailed out.

"We have never said we will keep you alive for ever and ever," he added. "We would never say that to any company."

The Government had aided Marathon to the tune of some £20m, since the U.S. company took over the yard in 1972. Of that total, £13m was for the speculative order placed last year, which has since been repaid. The Government now holds a £2.4m equity stake and is expecting repayment of a further £3.6m loan to begin shortly. It was also given a £1.4m grant.

Stewards' survival plan Page 11

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